

124 pages

261 copies

JPRS-SEA-87-015

2 FEBRUARY 1987

Southeast Asia Report

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FOREIGN AFFAIRS BODY REVIEWS OVERSEAS SERVICES

BK101315 Melbourne Overseas Service in English 0830 GMT 10 Dec 86

[Text] The Foreign Affairs Department says that Australian Overseas Service has a bad image among Canberra's decisionmakers and advisers. The department says Australia needs high quality foreign representation to build alliances and to improve bargaining strength. But it says the capacity for this is becoming thinner and thinner. The views are put in a 300-page report released by the foreign minister, Mr Hayden, who says the review is the most far-reaching examination yet on the scope and performance of Australia's overseas presence. From Canberra, Graeme Dobell reports:

[Begin Dobell Recording] The review carried out by the head of the Foreign Affairs Department, Dr Stuart Harris, says Australia is failing to achieve some of its international objectives because of tight resources. The number of Australian staff overseas has fallen by nearly 200 in the last 10 years to 1,360 while the number of missions has grown from 94 to 101.

Dr Harris says people are being used to meet immediate needs like visas, immigration, and defense procurement while it is harder to get resources for work on broader political and economic issues. It suggested Australia could use only consuls in some areas as a cost-saving measure. One of the key points made is the need to have some control on the freedom of action overseas of the various government departments in Canberra.

The review says priority should be set by the government, not individual departments. The trade minister, Mr Dawkins, refused to have the trade commission, (Austrade), covered by the study. But Dr Harris says balancing (Austrade's) independence against the need for cooperation is the most immediate challenge in overseas representation.

The report says defense procurement staff should be ~~be~~ self-supporting, separate from diplomatic missions, and there should be a cut in defense staff in Washington, London, and Paris.

The Defense Department replied with a letter attacking some parts of the report as meaningless with judgment based on misconceptions and inaccuracies. The then [as heard] head of the Defense Department even refused to have lunch with Dr Harris because of the differences over matters of principle. [end recording]

/12232

CSO: 4200/263

FRENCH 'ZEALOUS' INDIAN OCEAN ACTIVITY PROMPTS CONCERN

Sydney THE BULLETIN in English 23-30 Dec 86 p 56

[Article by Denis Reinhardt: "Suspect Motives in French Attack on Aussie Trawler"]

[Text]

FRANCE'S zealous control over territorial waters in the Great Southern Ocean washing south-western Australia begs questions about French intentions in the region.

Few Australians realise that France and Australia share a maritime boundary between Heard Island and the much larger Kerguelen group. Intersected by the 50 degree south latitude line, both territories are part of the same Kerguelen Ridge which, according to recent geological surveys, may contain substantial petroleum resources.

North-east of this group, and closer to the Australian mainland, are the French dependencies of the Amsterdam and St Paul islands, which roughly lie at the same latitude as Melbourne.

On October 10, the French patrol boat *Albatros* sank an Australian-owned trawler, the 59-metre *Southern Raider*, in waters off St Paul. The Australian skipper, John Andrew Chadderton, and the crew of 22 were arrested, taken on board the *Albatros* and ferried to Reunion, the seat of French administration in the Indian Ocean, off the coast of Malagasy.

Chadderton, mentioned by the Stewart Royal Commission as an associate of members of the Mr Asia heroin syndicate, has maintained during his incarceration that the *Southern Raider* was merely taking advantage of lucrative fishing grounds.

On December 4, French authorities dropped vague drug charges — suspicion of violating French narcotics laws — against Chadderton and the crew. This left only charges of illegal fishing against the captain and first officer, Alastair Annandale, who heard in proceedings which began last Friday (December 12).

A far more tauntingly intriguing analysis of France's enthusiastic patrols in the region springs from the still mysterious one-second nuclear flash detected in the region by American spy satellites seven years ago.

The area in which the flash could have occurred stretched from South Africa, across both the South Atlantic and the Indian Ocean to Antarctica. South Africa was blamed, but as one Carter administration official said, "there's no smoking pistol".

However, some time later the influential *New Republic* magazine, relying on senior administration sources, claimed that US intelligence experts believed the flash was the result of France testing a neutron bomb, possibly from a base on the Kerguelens.

But during the course of early hearings into the sinking of *Southern Raider*, facts emerged to suggest that the French authorities may have had far wider motives than protecting fishing grounds.

Commander Patrick Stervinon of the *Albatros* originally claimed that

Chadderton's vessel was scuttled and that after an all-night chase the French craft had fired five 40mm shells which hit *Southern Raider* above the waterline.

Subsequently photographs taken by crew of the *Albatros*, produced in court, showed that shells had hit *Southern Raider* below the waterline, including one photograph labelled, "water spout following a direct hit on the back of the boat".

"You don't get a water spout unless the shell hits below the waterline," Chadderton told a local reporter.

But a more vital revelation came with French Prime Minister Chirac's admission during a visit to Reunion that he ordered the French navy to

open fire on the trawler. One unofficial reason given by French authorities for the enthusiasm with which the *Southern Raider* was pursued and her crew prosecuted is that of a case of mistaken identity. A search of the Lloyd's shipping register had revealed a second *Southern Raider* based in Cape Town.

The second *Southern Raider* was "considered hostile" by French authorities, a lawyer representing the crew claimed, because it was believed this *Southern Raider* had been running arms to the Kanak independence movement in New Caledonia.

Australian officials believe that a vessel of this name was apprehended off New Caledonia and searched — inconclusively — last year. □

CSO: 4200/261
/9317

WEEKLY PROFILES DEVELOPING ANTI-LABOR COALITION

Sydney THE BULLETIN in English 23-30 Dec 86 pp 28-30

[Article by David Barnett: "Farmers Drive a New Coalition of Businessmen Against Hawke"]

[Text]

BUSINESS organisations are cranking up to end the Hawke government in 1987-88 and none is more motivated and mobilised than the New Right's spearhead, the National Farmers Federation, whose leader, Ian McLachlan, has united a broad spectrum of powerful industry groups.

The fringe benefits tax, trade union superannuation, interest rates and Labor's industrial and fiscal policies are to be critically bombarded. McLachlan has provided the impetus for the setting up of a whole range of new political structures. Committees are being formed in the marginal seats. They say money has been raised and more is coming in. Nineteen eighty-seven will be the year of the New Right. It may be Bob Hawke's last year as Prime Minister. If it is not it could be the last year of the Liberal Party as it now exists, and the same can be said for the National Party.

If the coalition parties do not succeed at the next elections, when they are held some time between March 1987 and March 1988, the mood, the money and the structures are there to pave the way for a new conservative party, with pressure going on industry leaders such as Ian McLachlan and John Elliott to enter political life.

But on present indications it is highly unlikely to come to that. *The Bulletin's* Morgan Gallup Polls show that Hawke's budget session strategy has failed. The government went into the budget session with the polls last August showing support for the coalition at 50 percent and support for Labor at 40 percent. By mid-November the government had narrowed the Opposition's lead to 1 point. They were trailing 44-45.

Hawke, the Treasurer, Paul Keating, and the ministry set out to discredit Opposition Leader John Howard and his colleagues by means of personal attack, with the aim of producing a gory Liberal Party upheaval, and a challenge from Andrew Peacock, setting the scene for an election in March or April next year based on the inability of the coalition to present a united front and a coherent set of policies. For that strategy to succeed, Hawke needed the level of government support to continue its rise, overtaking Howard's coalition during the end-of-year holidays, and it needed the Liberal Party to fall apart.

The Liberals did not fall apart. Instead, some unknown well-wisher sent them a copy of a letter to Keating from the Taxation Commissioner about his unfiled tax returns, striking a dramatic and devastating blow at Keating's standing in the electorate.

The day Hawke learnt that the Morgan Poll was showing a recovery in support for the coalition to 48 points,

and a fall in support for his government back to 42 points, was the day McLachlan as president of the National Farmers Federation came to Canberra to see

him. McLachlan's appointment, originally for 2.30pm, had to be put off for 3½ hours because cabinet was still wrestling with the problem of logging Jackey's Marsh. It had earlier dealt with Rupert Murdoch's takeover offer for the Herald and Weekly Times, and Keating's submission for clearing his proposals for the double taxation of company dividends, so they do not produce the host of unintended and adverse consequences which have marked all the other proposals in the package of business taxes.

When McLachlan was shown into the cabinet room, he found Hawke shaking with rage. Hawke berated him for having talked to the media on the way into the meeting and for having made public his submission to the government. He refused to discuss the Farmers Federation's concerns and stalked out after five minutes, leaving Keating to evict McLachlan, which he did with an insult to McLachlan about seeking publicity instead of pursuing the interest of farmers.

McLachlan is a central figure in the New Right groundswell which is transforming the business community. Under his leadership, the Farmers Federation has so raised its profile that it ranks as a major political institution, backed by \$15 million raised by popular subscription for a fighting fund which gives it enormous financial solidity.

The federation has devised a five-point strategy for 1987 designed to advance the economic and political interests of the nation's 170,000 farmers and their families. It has commissioned the former director of the Bureau of Agricultural Economics, Andy Stoekel, to survey global markets for Australian rural produce and recommend on where the efforts of the marketing corporations should best be directed. It has decided in principle to commission a lobbyist to watch out for Australian rural interests in Washington, and it

has commissioned a series of studies (which Stoekel will also carry out) of the economies of countries which subsidise their rural sectors heavily, such as Japan and the United States, along the lines of an earlier study of the European Community, to draw out the hidden costs to living standards of such subsidies.

Apart from filling vacuums created by government inactivity, two aspects of the Farmers Federation's strategy for the year are of direct political relevance to the Hawke government. The federation has \$1 million a year in interest from its fighting fund to back the private sector against the trade unions in disputes such as Mudginberri, which is continuing because of an appeal, and Dollar Sweets. About 40 percent of the fighting fund came from secondary industry, and the Farmers Federation, accordingly, will not confine its backing to the rural sector. It is also setting up committees in the marginal seats to question candidates about their attitudes towards economic and industrial issues.

The federation sees the committee as long-term, and it is their intention to influence not only the result of elections through campaigning and advertising, but also to be able to influence the pre-selection of candidates for all parties.

The Australian Small Business Association, which is only three years old, operates on the basis of a mass membership, and so far has acquired 7000, of whom 2500 were enrolled between June and September, because of concern about the fringe benefits tax. The association wants 20,000 members by the end of 1987. It contributed \$30,000 towards the Mudginberri fighting fund, and lately has responded to union picket lines with its own counter picketing, modelling itself on the United States National Federation of Independent Businesses, which has 750,000 members, and the Canadian Federation of Independent Businesses which has 55,000 members. Counter pickets were used in the La Trobe Valley against intimidation by the Building Workers Industrial Union and in Deniliquin, against the Australian Meat Industries Employees Union.

They say that once they have sufficient members, they will just opt out of the present industrial system, refusing to acknowledge the authority of the

federal and state tribunals and negotiating directly with employees.

In the meantime, the Small Business Association is also setting up organisations in the marginal electorates to support "pro-business" candidates.

The Australian Tourism Industry Association has identified 14 areas which it regards as vital to tourism and is developing a strategy for its approach to marginal seats. Many are also seats where tourism is economically significant. The strategy is to concentrate the level of interest rates and industrial issues, particularly penalty rates.

The chairman of the Australian Federation of Employers Andrew Hay is endeavoring to achieve some co-ordination of activities through 21 affiliated organisations, which include the Farmers Federation, Small Business Association and the Tourism Industry Association, but at this stage co-ordination is not a problem. They are all determinedly marching in much the same direction, basically that outlined in the paper which McLachlan gave Hawke, and which Hawke refused to discuss.

McLachlan's submission argued that the government's budget strategy had failed, and that it was no longer tolerable, either for farmers or for the business community, to operate with interest rates at 20 percent, as they have been for the past 15 months. He wants Hawke to freeze wages for at least one year and possibly for two and to drastically wind back government expenditure. McLachlan says that supporting the dollar by holding interest rates up without controlling either wages or government spending is no longer tenable.

Hawke's problem is that he already knows all that for himself but, for party political reasons, won't do anything about it. Not only does he not contemplate a wages freeze, but he has stepped aside from the hard slog of expenditure control. He has decided not to chair the Expenditure Review Committee which spends at least five months each year going through ministerial expenditure bids.

The decisions about how much money is spent each year on defence, education, pensions, the environment and so on are formally made by the full

cabinet and announced in the budget, but the allocations do come from the Review Committee, whose work is central to the conduct of government.

Yet it is this process from which Hawke has withdrawn. Instead, he will devote his energies to being a publicist, campaigning non-stop for the next election with speeches, interviews, radio talk shows and public appearances. Hawke is no longer trying to run the country. He is leaving that to his colleagues. Instead he is trying to get his government re-elected.

The polling which showed that the government's standing had slipped back also showed that Keating and the fringe benefits tax are both electoral liabilities. Keating's own standing has slumped since the controversy about his private finances, while more people are against the fringe benefits tax than are for it — 47 to 44 percent.

The government's skilful advertising campaign has had some effect. Five months ago the number disagreeing with the FBT was 5 percent higher. But 51 percent, up 7, believe the beneficiary should pay the tax, not the employer, and 34 percent of Labor voters are against the tax, which has stirred up strikes all the way from the Pilbara to the banks. The Morgan polls suggest the tax is both a prime reason for the slide in the government's popularity and an indication that the government is in an unwinnable position.

Howard's strategy for 1986 was to discredit the government's economic management, a task in which he could not easily fail. His strategy for 1987 is to convince the electorate that the comparatively youthful and not particularly well-known front-bench which he leads is a credible alternative to the government, and that he has credible alternative policies.

He has called a meeting of shadow ministers for the first week in February to finalise a new batch of policies, more for the sake of appearances than anything else. The crucial industrial policy, with its measured approach to deregulation, is already announced and he is hanging on to his tax policy until it is too late for the government to pre-empt its more palatable bits. He also has to continue to isolate Peacock and his small band of supporters and to live with the mysterious polls which appear

from time to time, commissioned by unknown persons, and which consistently rediscover that he lacks charisma. Howard has decided that he can live with this.

(The latest Morgan Gallup Poll — see page 29 — shows that Howard has failed to make any impression on the electorate's view of the Liberal leadership.)

Hawke and Keating were tempted by the November trade figures to spy the first swallow in an economic summer, despite the question mark placed over them by the Statistician. The deficit fell sharply to \$635 million from \$1578 million in October, which itself had been revised downwards from a record \$1.7 billion.

The figures were treated with scepticism by the media and with derision by the Opposition.

They showed that the deficit on merchandise trade, when smoothed and seasonally adjusted through the Statistician's computer, was down to \$140

million, and that there has been a progressive improvement in this deficit since June, when it was \$368 million.

The problem arises from the introduction of a new computer processing system by the Australian Customs Service, which has affected their "comparability," and that this may have been the case for the past four or five months, since June, in fact.

In the end, Hawke's bid to communicate and Howard's endeavors to project are likely to become almost irrelevant against economic realities. No matter what the marginal improvement in trade might be, the deficit on the balance of payments will remain unbearably high, the consequent interest rates will also remain unbearably high, and government policy-making will remain dominated by the need to avoid another run on the dollar. Those realities have produced the grass roots business reaction which will make life even tougher for 28 Labor members with margins of less than 5 percent. □

CSO: 4200/261
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PEACOCK BEATS HOWARD IN PREFERRED LEADER SURVEY

Sydney THE BULLETIN in English 23-30 Dec 86 p 29

[Text]

ANDREW Peacock remains the choice of most Australians as the Leader of the Opposition, the Morgan Gallup Poll has found.

In an Australia-wide survey of 1047 voters on the last weekend in November, the poll found that 43 percent of people (up two) preferred Peacock as Opposition Leader while 18 percent (up two) favored John Howard.

The poll found that among Liberal-National Party voters, 41 percent (up one) favored Peacock and 24 percent (up six) supported Howard.

Electorate were overwhelmingly in favor of Prime Minister Hawke (55 percent) as leader of the Labor Party. Hawke's support was down 5 percent while that of Foreign Minister Bill Hayden rose 4 percent to 23 percent.

Preferred Leader of Opposition

	All voters		LNP voters	
	May	Nov	May	Nov
Peacock	41	43	40	41
Howard	18	18	18	24
Fraser	15	11	21	13

Preferred Prime Minister

	All voters		ALP voters	
	May	Nov	May	Nov
Hawke	60	55	79	60
Hayden	19	23	11	12

CSO: 4200/261
/9317

BRIEFS

HIGH COMMISSIONER TO TONGA--Australia has announced the appointment of its new high commissioner to Tonga, senior government aid official Dr (Rodney Hills). The foreign affairs minister, Mr Hayden, said Dr (Hills) would succeed Mr Brian Smith, who has been high commissioner since 1984. Mr Hayden said Australia placed a high priority on the development of relations with its Pacific neighbors and Australia and Tonga had developed a warm and constructive relationship. [Text] [Melbourne Overseas Service in English 0830 GMT 1 Dec 86 BK] /12232

EX-DEMOCRAT FORMS NEW PARTY--The former deputy leader of the Australian Democrats, Senator John Siddons, has announced the formation of a new political party. Senator Siddons says the Unite Australia Party [UAP] will take the political middle ground and have as its primary focus the economy and industrial relations. At the moment, the UAP is a party of just one, Senator Siddons, who resigned from the Democrats because of what he said was the party's inattention to the economy. He said he believed at least half the members of the Democrats were disillusioned, and some Democrat senators would join his new party. The senator said the UAP platform will be worked out over the summer parliamentary recess and if the party failed to succeed he would stand as an independent. [Summary] [Melbourne Overseas Service in English 0830 GMT 3 Dec 86 BK] /12232

'EMERGENCY ASSISTANCE' TO NICARAGUA--Australia is to make a cash grant of \$75,000 [Australian dollars] for emergency assistance in Nicaragua. The foreign minister, Mr Hayden, said the grant through the International Red Cross would provide emergency provisions for the large numbers of people left homeless in Nicaragua. Mr Hayden said Australia had demonstrated an on-going commitment to a peaceful settlement in Nicaragua through its provision of \$150,000 to the International Red Cross in 1983-84 and 1985-86. He said the grant was consistent with Australia's even-handed policy in Central America where a recent pledge of \$50,000 had been made for earthquake relief in El Salvador. [Text] [Melbourne Overseas Service in English 0430 GMT 10 Dec 86 BK] /12232

INCREASED KAMPUCHEAN REFUGEE INTAKE--The Australian Council for Overseas Aid has welcomed Australia's decision to increase the intake of Kampuchean refugees from Thailand this year by 40 percent. The council's executive director, Mr (Russel) Rollison, said he welcomed the government's compassionate response to the situation of the refugees in the Khao I-Dang Camp. Mr (Rollison) said Thai authorities planned to close the camp at the end of this year leaving some 25,000 people homeless. He said the increased intake by Australia would provide resettlement for more than 50 families. [Text] [Melbourne Overseas Service in English 0430 GMT 12 Dec 86 BK] /12232

DEMOCRAT RAPS HAYDEN--The leader of the Australian Democrats, Senator Haines, says comments reportedly made by the foreign minister, Mr Hayden, in New Zealand last week are an embarrassment to many Australians. Senator Haines said she believed Mr Hayden had clearly been trying to bully the New Zealand prime minister, Mr Lange, into following the American and Australian line on defense and trade issues. Senator Haines said she believed no foreign minister in any country had the right to pressure a colleague in any other country in the way Mr Hayden had done. She said there was one other possibility, that Mr Hayden was feeling extremely frustrated that Australia's Labor Party Government was not being as independent, determined, and as principled as the New Zealand Government was on anti-nuclear issues. Australian Associated Press says that Mr Hayden's 4-day visit to New Zealand was described as a bridge-burning exercise but its only apparent achievement was to smash the Lange government's hopes of stronger defense ties between the two countries. Mr Hayden strongly urged New Zealand to return to the 3-power American, Australian, and New Zealand ANZUS alliance, and bluntly said Wellington could not regard Australia as a substitute to the United States on defense issues. [Text] [Melbourne Overseas Service in English 0830 GMT 14 Dec 86 BK] /12232

MALASIA WHEAT ASSURANCE--Malaysia has given strong assurances that it will continue to buy a large proportion of its wheat and sugar imports from Australia. The assurances were given during talks between Australia's trade minister, Mr Dawkins, and his Malaysian counterpart, Tengku Razaleigh Hamzah, in Malaysia last week. This story from Radio Australia's national affairs reporter, Tony Hill: [Begin Hill recording] In his talks in Kuala Lumpur, Mr Dawkins expressed concern at possible sales of highly-subsidized Saudi Arabian grain to Malaysia. He argued that as both Malaysia and Australia were members of the recently formed Cairns Group of Agricultural fair traders, they had a common interest in seeing an end to agricultural subsidization. Mr Dawkins said the Malaysian trade minister, Tengku Razaleigh, had assured him Malaysia would not reduce its wheat purchases from Australia. He also said Malaysia was happy to extend the long-term sugar purchase contract with Australia. Last financial year Australia supplied more than 50 percent of Malaysia's wheat imports, and Malaysia was Australia's fourth largest sugar market. Mr Dawkins said he was pleased with the results of his Malaysian visit as Australia's wheat markets around the world continue to come under pressure from subsidized exports from the European Community and the United States. [end recording] [Text] [Melbourne Overseas Service in English 0430 GMT 15 Dec 86 BK] /12232

PARLIAMENT CUTS FOOD AID--Australia is to cut most of its food aid commitment by about 25 percent. Federal parliament has decided to cut Australia's minimum annual commitments to the Food Aid Convention from 400,000 tons of wheat or its equivalent to 300,000 tons. Radio Australia's Canberra Bureau says the cuts will affect both bilateral food aid and commitment to the UN World Food Program. Each will now receive a minimum annual commitment of 150,000 tons. The minimum commitment of 50,000 tons of wheat to the International Emergency Food Reserve is unchanged. It is believed that falls in the price of wheat may enable Australia to grant an additional 50,000 tons in food aid. In the current budget, the government has allocated a total of \$80 million Australian for food aid. [Text] [Melbourne Overseas Service in English 0830 GMT 16 Dec 86 BK] /12232

GOLD, DIAMOND PRODUCTION--Production of Australia's gold and diamond remains strong in the September quarter of this year. Figures released by the Federal Bureau of Mineral Resources said the gold production for this quarter fell slightly, but still reached 17 tons. The bureau estimates that production for the year will exceed 70 tons--the highest Australian production for more than 70 years. The diamond production was the highest for the year with more than 8 million carats, taking the total for the first 3 quarters to 21 million carats. Australian diamond production is expected to account for more than one-third of the total world production of diamonds in 1986. [Text] [Melbourne Overseas Service in English 0430 GMT 19 Dec 86 BK] /12732

GOVERNMENT DEFENDS REFUGEE POLICY--The Federal Government has rejected claims that it has taken a cowardly approach to the acceptance of Indochinese refugees. A spokesman for the immigration minister, Mr Chris Hurford, said claims by the Indochinese Communities Council were a distortion of the government's record in refugee resettlement. The chairman of the council, Mr (Hong Lim), is reported to have accused Mr Hurford of playing with the lives of refugees in the Khao I-Dang camp in Thailand, which is to close it at the end of this year. However, the spokesman for the minister said Australia had already given priority to the processing of refugees in Khao I-Dang camp. He said the government was applying a settlement criteria for Kampuchean refugees in a flexible and sympathetic manner and aimed to process all eligible cases from Khao I-Dang before the camp closed. In addition, many refugees from the camp who might not normally be eligible to resettlement in Australia would be accepted on humanitarian grounds. The spokesman rejected claims that refugees still in the camp when it is closed could be pushed back to areas vulnerable to attack by Vietnamese forces. He said the closure of Khao I-Dang was being undertaken with the close cooperation and consultation of the UN High Commissioner for Refugees. [Text] [Melbourne Overseas Service in English 0430 GMT 17 Dec 86 BK] /12232

ARMY OFFICER CHARGED--In Darwin federal police are trying to extradite a former Australian Army officer to face a charge in Sydney related to the training of guerrillas in Irian Jaya. (Gary Roy Scott) was arrested by federal police in Darwin earlier this week. He has been remanded in custody to appear in the Darwin Magistrate Court on Monday to face an application for extradition. Police have alleged that (Scott) sought the assistance of other army personnel to train people at guerrilla warfare in the Indonesian province of Irian Jaya. It has also been alleged he was paid \$50,000 [currency not specified] to train people for an organization known as the one Papua Movement. He has been charged under criminal law relating to foreign incursion and recruitment. Radio Australia's Darwin correspondent office says the former army captain first appeared in a Sydney court last year, but allegedly jumped bail. [Text] [Melbourne Overseas Service in English 0430 GMT 20 Dec 86 BK] /12232

DEFENSE EXPORT SYSTEM 'CHAOTIC'--A senior federal government official says Australia's system for authorizing overseas sales of defense equipment is chaotic. In a recently released report on Australia's defense exports and defense industry, Mr Robert (Cooksey), a Defense Ministry consultant, says Australia has no clear policy for defense exports. Mr (Cooksey) says there should be clear public guidelines for defense sales. [Begin (Cooksey)

recording] In effect, there has been no policy or clear process. The system of export approvals—which is not timely and therefore not of great use to industry trying to export—if it had been designed as a game of snakes and ladders could not have been so better designed. It has grown like Topsy over 40 years and it is simply not useful to those who are trying to market. Industry, as I recommended, must have an answer—must have it as I have said in 4 weeks—on a decision whether to market and also whether to actually sell. And that really is critical. [end recording] Australia's defense minister, Mr Beazley, has welcomed the (Cooksey) report saying it will remove uncertainties and produce a more dynamic approach to selling Australian defense exports. The report says that with new guidelines Australia could double its defense exports to around \$500 million [currency not specified] within 3 to 5 years. [Text] [Melbourne Overseas Service in English 0830 GMT 20 Dec 86 BK] /12232

VOLUNTEERS LEAVE FOR NICARAGUA—A group of 65 Australians are on their way to spend the next month working on farming cooperatives in northern Nicaragua. The work brigade has been organized by a group called the Resource and Action Committee for Latin America. It says the visit will show solidarity with the Nicaraguan people and provide economic help in a time of labor shortage. The work brigade will live with local workers, live on a diet of rice, beans, and tortillas, and get up at 0430 each morning for the day's work. Organizer, (Penny Harvey), says that despite the basic conditions there is a great deal of interests in the brigade and more volunteers than in the previous 2 years. Miss (Harvey) says the volunteers range from student age to retired people and come from all sections of Australian society. [Text] [Melbourne Overseas Service in English 0830 GMT 26 Dec 86 BK] /12232

/12232

CSO: 4200/263

PRESS RELEASE ON MARITIME BOUNDARY WITH INDIA

BK231530 Rangoon Domestic Service in Burmese 1330 GMT 23 Dec 86

["Joint Press Release" on the signing of the Burma-India Maritime Boundary Delimitation Agreement issued by the Ministry of Foreign Affairs in Rangoon on 23 December]

[Text] The agreement between the Socialist Republic of the Union of Burma and the Republic of India on the delimitation of maritime boundary in the Andaman Sea, in the Coco Channel, and in the Bay of Bengal was signed at the Foreign Ministry Annex at 1030. The agreement was signed by U Ye Gaung, minister of foreign affairs, on behalf of the Socialist Republic of the Union of Burma, and by Mr Narain Dutt Tiwari, minister of external affairs, for the Republic of India.

Also present on the Burmese side at the agreement signing ceremony were U Saw Hlaing, deputy minister of foreign affairs; U Aung Thant and U Ohn Kyaw, directors general of the Foreign Ministry; and responsible officials of the Foreign Ministry, and the Defense Ministry's Naval Hydrographic Depot.

The Indian side was also represented by Mr (Kivon), charge d'affaires ad interim of the Indian Embassy in Burma; Mr (Kuldiz Radaf), joint secretary of the Indian Ministry of External Affairs; and responsible officials of the External Affairs Ministry and the Office of the Chief Hydrographer of the Indian Government.

The maritime boundary between the two countries in the Andaman Sea, in the Coco Channel, and in the Bay of Bengal is formed by a single continuous line whose course has been determined on the basis of the equidistance principle.

The agreement states that the extension of the maritime boundary in the Andaman Sea up to the maritime boundary trijunction point between Burma, India, and Thailand will be dealt subsequently after the trijunction point is established by agreement between the three countries.

The agreement also provides that the extension of the maritime boundary in the Bay of Bengal beyond 200 nautical miles shall be done subsequently.

The agreement recognizes the sovereignty of each signatory party over all islands falling on the side of the maritime boundary, including those that may emerge in the future. It further recognizes the sovereignty, sovereign right, and jurisdiction of the parties in the respective maritime zones in accordance with the relevant provisions of the 1982 United Nations Convention on the Law of the Sea.

The agreement is subject to ratification, and the instruments of ratification are to be exchanged in New Delhi as soon as possible.

The two parties are convinced that the conclusion of this agreement establishing a maritime boundary that is just and fair for both parties will further strengthen the existing historical bonds of friendship between Burma and India.

/12624

CSO: 4211/18

MINISTERS, COUNCILLORS DISCUSS 1987-88 TARGETS

BK301617 Rangoon Domestic Service in Burmese 1330 GMT 30 Dec 86

[Text] The Economic Consultative Committee [ECC] of the Council of Ministers and executive committees of state and divisional people's councils held meeting in the conference room of the Office of the Council of Ministers in Rangoon at 0900 today to coordinate yearly economic targets for 1987-88, the 2d year of the Fifth 4-Year Economic Plan.

The meeting was attended by U Maung Maung Kha, prime minister; Thura U Tun Tin, deputy prime minister and minister of planning and finance; Thura U Kyaw Htin, deputy prime minister and minister of defense; ministers and members of the ECC; deputy ministers; chairmen of the state and divisional people's council executive committees; and responsible departmental officials.

Addressing the meeting, Prime Minister U Maung Maung Kha said the meeting was being held with the chairmen of state and divisional people's council executive committees to coordinate yearly economic targets for 1987-88, which is the 2d year of the fifth 4-year plan. He called for discussions based on the latest developments between the central organs and the state and divisional people's councils, which had made proposals for 1987-88 yearly economic targets. He urged for collective efforts to improve the state economy.

Later, the director general of the Planning Department briefed the meeting about the proposed economic objectives for 1987-88, and the chairmen of state and divisional people's council executive committees reported their regional economic targets.

The questions raised by the people's council chairmen were replied by Thura U Tun Tin and members of the ECC, who are also ministers.

In his concluding speech, U Maung Maung Kha noted the need for all-round efforts by all parties to fully realize the planned targets.

The meeting ended at 1300.

/12624

CSO: 4211/18

BURMA TO RELAX CONTROLS ON RETAIL RICE SALES

BK301613 Rangoon Domestic Service in Burmese 1330 GMT 30 Dec 86

[Text] In accordance with the directive of the Burma Socialist Program Party Central Committee regarding high-yield paddy cultivation, production, and procurement, and under the paddy procurement and rice distribution program, it has been learned that effective 1 January 1987, arrangements have been made for primary cooperative stores and cooperative shophouses to begin freely selling rice, without the purchasing books, to the working people in the townships of Rangoon Division.

Rice will be sold simultaneously at cooperative shophouses, at primary cooperative stores in wards, as well as at township and divisional cooperative stores. Different strains of rice will be sold at the prices fixed and displayed at the stores.

Working people will no longer have to produce their purchasing books and can buy the quantity they require at the cooperative shophouses and ward cooperative stores. Moreover, vendors who sell rice-product foodstuffs will also be permitted to buy in a similar way.

Those who wish to buy rice in quantity from township cooperative societies, such as universities, colleges, hospitals, the Corrections Department, associations, and others for social occasions, can also buy from the township cooperatives and will not need to submit applications.

It was also learned that restaurants and rice-product food sellers can register with the Rangoon Division Syndicate of Township Cooperative Society and can buy the amount of rice and broken rice needed.

It was also learned that restaurants and rice-product food sellers can register with the Rangoon Division Syndicate of Township Cooperative Society and can buy the amount of rice and broken rice needed.

It was also learned that a similar plan will be implemented in other states and divisions beginning 1 February 1987. People who are not rice producers will be permitted to buy up to an equivalent of (?12 baskets) of paddy per head, regardless of age, annually.

In villages and wards of states and divisions other than Rangoon, primary cooperative societies will buy or receive paddy for consumption and mill and distribute it. For urban areas, township cooperative societies will be in charge of distribution. The distribution will be either in the form of rice or paddy as requested by buyers. Consumers can buy daily, weekly, or monthly needs according to their wish.

BRIEFS

ENVOYS PRESENTS CREDENTIALS--Mr Benjamin Bassey, newly accredited ambassador of Finland to the Socialist Republic of the Union of Burma, presented his credentials to President U San Yu at the Credentials Hall of the People's Assembly compound at 0930 today. Also present at the meeting were Colonel Aung Myint Baw, director general of the President's Office, and U Aung Thant, director general of the Foreign Ministry's Protocol Department. [Text] [Rangoon Domestic Service in Burmese 0630 GMT 22 Dec 86 BK] /12624

NORWEGIAN ENVOY PRESENTS CREDENTIALS--Mr Jans-Kjell Otterbach, newly accredited ambassador of Norway to the Socialist Republic of the Union of Burma, presented his credentials to President U San Yu at the Credentials Hall of the People's Assembly compound at 0930 today. Also present at the meeting were Colonel Aung Myint Baw, director general of the President's Office, and U Aung Thant, director general of the Foreign Ministry's Protocol Department. [Text] [Rangoon Domestic Service in Burmese 1330 GMT 29 Dec 86 BK] /12624

OMANI DELEGATION MEETS MINISTER--The visiting Omani delegation headed by Mr (Ahmad bin Abdul Labai Makie), deputy minister of commerce and industry, called on U Khin Maung Gyi, trade minister, this morning to discuss rice sale. Also present at the meeting were Colonel Yan Naung Soe and Colonel Tin Gyi, deputy ministers of trade; the managing director of the Myanma Export Import Corporation; and the director general of the Trade Department, Oman used to buy Burmese rice, and the present visit is a result of renewed contacts. It was learned that an agreement to buy Burmese rice was concluded. The 3-member Omani delegation headed by the deputy minister arrived in Rangoon on 27 December. [Text] [Rangoon Domestic Service in Burmese 1330 GMT 29 Dec 86 BK] /12624

AGREEMENT ON JAPANESE GRANT--U Ngunt Maung, deputy minister of planning and finance, and Mr Masao Tsukamoto, Japanese ambassador to Burma, signed two memoranda of understanding at the conference room of the Ministry of Planning and Finance this evening. Under the agreements, the Japanese Government will provide a grant amounting to 3,988,400,000 yen -- about 174.5 million kyat -- to the Burmese Government in the 1986 fiscal year. Of the grant, 2.5 billion yen -- about 109.4 million kyat -- will be used for developing food production, and 1,488,400,000 yen -- about 65.1 million kyat -- will be

utilized for road and bridge construction. The agreement signing ceremony was attended by U Kyaw Myint, deputy minister of planning and finance; U Kyin Hlaing, deputy minister of construction; U Aung Win, deputy minister of agriculture and forests; officials concerned from the Japanese Embassy; and responsible officials of the departments and corporations concerned.

[Text] [Rangoon Domestic Service in Burmese 1330 GMT 30 Dec 86 BK] /12624

COMBAT VICTORIES OF PEOPLE'S ARMY--1. On 4 December 1986, the People's Army launched a counteroffensive against the mercenary (?18th) Infantry Regiment which was attacking a People's Army unit stationed at (Keng Tawng-Wan Hsi) camp, east of Keng Tung. The counterattack killed a total of 21 enemy soldiers and wounded 25 others. One enemy soldier was taken prisoner in the battle. The prisoner was released immediately at the battlefield. The People's Army seized assorted ammunition and a total of 16 assorted weapons, including 1 84-mm fieldgun, 7 shells for that fieldgun, 1 60-mm mortar, 32 60-mm mortar shells, 1 submachine gun, 3 carbines, 7 G-2's, 1 G-3, 1 G-4, and 1 sten gun. In addition, a [words indistinct] communications set, and over (72,800) rounds of assorted ammunition, including 36 2-inch mortar shells, 5 mines, and 4 shells for the mortar with folding stock, were also captured. 2. Up to 4 December, almost 700 enemy soldiers have been put out of action in the [words indistinct] campaign near (?Mong Yu). We were also able to shoot down an enemy military plane. [Text] [(Clandestine) Voice of the People of Burma in Burmese 1200 GMT 25 Dec 86 BK] /12624

CSO: 4211/18

BRIEFS

SRV TOURISM DELEGATION--Vientiane, 5 January (KPL)--A delegation of the tourist department of the Socialist Republic of Vietnam led by Tran Quoc Huong, secretary of the Central Committee of the CPV, in charge of tourism, arrived here on 3 January for an official friendly visit. Meeting the delegation at the airport were Thongsing Thammavong, member of the LPRP CC and minister of culture, and other high-ranking officials. Vu Tien, attache of the Vietnamese Embassy here, was also present. During its 6-day visit here, the Vietnamese delegation will exchange views with the Lao side on tourist activities in the past and sign an agreement on tourist cooperation between the two countries.

[Text] [Vientiane KPL in English 0855 GMT 5 Jan 87 BK] A meeting between delegations of the tourist services of Laos and Vietnam was held here this morning. The two sides briefed each other on the tourist work of their respective countries, and exchanged views on a cooperation plan for 1987 and the years to come. The Lao delegation to the meeting was headed by Thongsing Thammavong, member of the party CC, minister of culture, and the Vietnamese delegation by Tran Quoc Huong, secretary of the CPV CC, in charge of tourism. Also present on the occasion was Vietnamese Ambassador Nguyen Xuan. [Text] [Vientiane KPL in English 0857 GMT 5 Jan 87 BK] /12232

RECEPTION MARKS BURMESE INDEPENDENCE--Vientiane, 5 January (KPL)--The Burmese charge d'affaires ad interim U. Win Aung and wife gave here yesterday a reception to mark the 39th anniversary of the proclamation of independence of the socialist Republic of the Union of Burma. Among those present at the reception were Khamphai Boupha, first deputy-minister of foreign affairs, and K. [Khambou] Sounisai, mayor of Vientiane. Diplomatic envoys to Laos were also on hand. A traditional Burmese dance was also performed on this occasion. [Text] [Vientiane KPL in English 0859 GMT 5 Jan 87 BK] /12232

VONGVICHIT GREETES KIM IL-SONG--Vientiane, 7 January (KPL)--Phoumi Vongvichit, acting president of the Lao PDR, has cabled a message to Kim Il-song, congratulating him on his reelection as president of the Democratic People's Republic of Korea. On behalf of the government and people of Laos, and in his own name, P. Vongvichit congratulated Kim Il-song, saying that his reelection as president of the DPRK reflects the trust of the party, government, and people of Korea in him. Kim Il-song is rich with experiences in guiding the country along the path of socialism and in the struggle to reunify the divided country by peaceful means, the message stressed. It continued: I am convinced that you will continue to enhance the friendly relations and combatant solidarity between our two countries and people for the interests of peace and socialism. I wish you good health and success in the accomplishment of your noble tasks for the prosperity of the Korean people, the message concluded. [Text] [Vientiane KPL in English 0908 GMT 7 Jan 87 BK] /12232

FORMER FOREIGN SECRETARY ON ANZUS 'DISASTER'

HK190515 Wellington THE EVENING POST in English 12 Dec 86 pp 1, 26

[Article by diplomatic reporter Karen Brown: "ANZUS Hijacked: No-nukes 'Disaster'"]

[Text] New Zealand will be left to stand alone without allies if the government proceeds with its anti-nuclear policy, says foreign policy and defence expert Frank Corner.

Mr Corner, approached by THE POST today, said he was astounded that New Zealand had allowed itself to get into the present situation with the ANZUS relationship and defence policy without any public debate. The country's defence policy had effectively been hijacked by a small group within the anti-nuclear movement, he said.

Big Inquiry

"Imagine if it were the United States, which is a very open society, if a disaster like this had occurred where we're now offside with all our traditional friends in the United States there'd be an enormous congressional inquiry of the kind that's going on at the moment."

Mr Corner, who chaired the Government's Defence Committee of Inquiry, made his remarks just a day after Australia's Foreign Minister Bill Hayden made it clear that Australia could not expand its defence relationship with New Zealand.

The former Foreign Affairs secretary and New Zealand ambassador to Washington said today he was not surprised at the hard line taken by Mr Hayden during this week's official visit.

The Defence Review found most New Zealanders preferred a continued ANZUS relationship with both the United States and Australia. However, because this was precluded by the government's anti-nuclear policy, the Defence Committee had studied the option of an enhanced defence relationship with Australia--the "Hobson's choice."

The report had noted the difficulties involved with this option.

"Those difficulties have turned out to be real ones and where that leaves us, really, is with nothing except our own efforts which, even if we spent a great deal of money and effort would probably, according to military people, be inadequate," Mr Corner said.

"All that seems to be left to us is standing alone without allies in any significant way, if we continue with the present policy.

"Since there's no immediate threat to New Zealand, people may not be greatly disturbed. People who look longer into the future may think it's an appalling situation to have got ourselves into."

Mr Corner said there had been indications of these sort of difficulties in developing the defence relationship with Australia, "but certain ministers have just said, 'there are no difficulties, we can fix this up at the official level'."

Closed Eyes

"They've just closed their eyes, or if they haven't closed their eyes, they've been telling the public things that weren't actually so."

Genuine Emotion

Mr Corner said there was a small minority of New Zealanders, particularly within the Labour Party, who wanted the country to be neutral and non-aligned, a kind of New Zealand Sweden. Because of pressure from certain elements of the movement, motivated largely by anti-Americanism, the government had not been willing to contemplate a compromise over the American neither confirm-nor-deny policy.

A large proportion of the anti-nuclear movement by a genuine anti-nuclear emotion. However, poll figures had shown that the movement also comprised other groups which wanted to harness the anti-nuclear sentiment for their own purposes--"so a small group has now hijacked the country."

The best thing now was for all new Zealanders to have a very hard look at the situation they had got themselves into, Mr Corner said.

The situation was unprecedented for New Zealand, Mr Corner said: "It's a matter of the most fundamental importance. New Zealanders have not considered it seriously and have never been made aware of the magnitude of the practical situation that they've let themselves in for. In certain other countries there would be an objective investigation, but New Zealanders just don't seem aware."

"Over a period of many years we've made gestures but this is the first gesture, probably, for which we have to pay a heavy, heavy price."

The price was "no allies, standing alone in defence matters."

Some people would say that defence and other relationships could be kept in separate compartments, and Mr Hayden had said that for his part he would try to do this.

However, Mr Corner said, New Zealand was now in the situation at the international relations level where it was off-side with a large number of countries.

"If large numbers of governments dislike you, is it going to spill over into trade or isn't it, specially when the going in trade gets tough, and all for a gesture?" he said.

Mr Corner said he had no doubt that he wanted New Zealand to return to ANZUS.

But, in order for a compromise to be reached, trust would have to be restored. Trust on the part of both the United States and Australia towards New Zealand had become so precarious that any negotiation to get a satisfactory compromise would be more difficult now than it would have been in an earlier period.

Mr Corner said there had been very little real discussion in New Zealand about the issue but that quite a lot of "order and gentle people" had withdrawn from any debate because of the vehemence of the denunciations that could be shot at them.

"If you even raise the possibility of making an arrangement that would allow an occasional ship to pass through a New Zealand port which might or might not be carrying a nuclear weapon, you'll be denounced as cuddling up to the bomb."

/9599

CSO: 4200/262

EDITORIAL: 'REAL DIFFERENCES' WITH AUSTRALIA ON DEFENSE

HK220405 Wellington THE EVENING POST in English 13 Dec 86 p 8

[Editorial: "Plain Talk Kills Muth"]

[Text] A huge, comforting and much-touted assumption concerning our future defence has at last been shown to be false.

The assumption has been that now we are no longer an operative partner in ANZUS we could largely make up for the withdrawal of American defence co-operation by increasing our defence links with our good old ANZAC [Australia-New Zealand Army Corps of World War I] mate Australia.

This reassuring view that our defence relationship with Australia is capable of being improved, and with it our own defence capabilities, has been promoted by the government. It is part of the pretence that our anti-nuclear ship policy and what it has done to our involvement with America has not impaired New Zealand's defence.

The Corner Defence Committee of Enquiry advocated enhancement of the bilateral ANZUS relationship with Australia as the most promising option left open to New Zealand.

The focus of that inquiry's report on greater self-reliance and the importance of the trans-tasman connection would be the key to the new defence review, Prime Minister David Lange commented at the time.

This week's events indicate there are real difficulties in our defence relationship with Australia. All of the comforting words of the politicians have not been worth the breath expended upon them.

Blunt words from Australia's visiting Foreign Affairs minister quickly let the public know that the defence relationship between Australia and New Zealand has gone about as far as it can go.

Australia cannot realistically be expected to become a substitute for America so far as New Zealand's security is concerned, according to Mr Hayden.

New Zealand's policy and its effect on ANZUS is costing Australia marked additional expense in providing more defence exercises with our forces. New Zealand will have to spend substantially more on defence if it wants a stronger bilateral defence arrangement with Australia, Mr Hayden said.

The Australian Government's disagreement with New Zealand's policy on port and aircraft access has been reaffirmed.

In the same week as Mr Hayden soured the government and exposed its pretence, Dr Ross Babbage from the Strategic and Defence Studies Centre of the Australian National University was also speaking bluntly on the same subject at a seminar at Victoria University.

ANZUS is seen as fundamental to Australia's defence. In many of its dealings with the United States, Australia now finds New Zealand more of a complicating factor than an asset, Dr Babbage said. In his view this poses a serious obstacle when contemplating the potential for a closer New Zealand-Australia defence relationship.

One of our defence and foreign affairs experts. Mr Frank Corner, has caught the mood of blunt speaking when he says New Zealand will be left to stand alone with its allies if the government proceeds with its anti-nuclear policy.

Perhaps that is what a few people have intended all along. Non-alignment or neutrality as a goal is well served by what is happening. But whether the public knows or cares is far from clear.

Important relationships with old friends are being damaged. Our ability to defend ourselves or to assist others in defence is increasingly questionable. Our defence and foreign policy is undergoing a dramatic shift without overwhelming public awareness or support.

Some of what Messrs Hayden, Babbage and Corner have said over the past few days was already known or surmised. It is just that we have not had it said so plainly and from such high authorities in such a short space of time in our own country. These critics cannot be dismissed as "geriatric generals." The government must quickly explain what it intends to do for the country's defence and to improve relationships with allies.

/9599

CSO: 4200/262

RAINBOW WARRIOR 'COMPENSATION' FUNDS ALLOCATED

HK150254 Hong Kong AFP in English 0245 GMT 15 Dec 86

[Text] Wellington, 15 Dec (AFP)--Funds from the compensation payment to New Zealand for the French bombing of the Rainbow Warrior will be used to promote peace in the South Pacific, New Zealand Deputy Prime Minister Geoffrey Palmer said here Monday.

"A Pacific trust will receive 1.6 million U.S. dollars with the objective of protecting the environment of the South Pacific and promoting peaceful development in the region," Mr Palmer said in a press release.

"This will be the largest project to be funded from the 6.5 million U.S. dollar compensation received from France," he said.

"Trustees would be appointed early in the new year."

The compensation payment for the French sabotage bombing of the Greenpeace flagship last year was settled by United Nations Secretary General Javier Perez de Cuellar in a special ruling last July.

The Rainbow Warrior was sunk by French explosives in Auckland Harbour on 10 July last year.

The two French secret agents jailed in New Zealand for their part in the bombing were flown to the French South Pacific territory of Hao Atoll as part of the settlement.

Announcing the two latest projects funded from the compensation payout Monday, Mr Palmer also released details of a peace and disarmament education programme.

"A separate trust for peace and disarmament education will be established, with a 750,000 U.S. dollar grant from the compensation payment," Mr Palmer said in his press statement.

"It will be administered by the Department of Internal Affairs, with projects to include peace and disarmament studies and seminars," he said.

Funds from the compensation payout have already been earmarked for spending on the upgrading of the New Zealand seismological observatory in Rarotonga.

Among its functions, the observatory monitors the strength of French nuclear bomb tests on Mururoa atoll.

Other compensation funds have been spent on a booklet, with a forward from Prime Minister David Lange, extolling the virtues of New Zealand's anti-nuclear policy and on a study of the effects of New Zealand of a nuclear winter caused by a nuclear war in the northern hemisphere.

Following the latest French nuclear bomb test at Mururoa last week, Mr Lange suggested some of the compensation money may be spent on a French study of the effects on New Zealand of the testing programme.

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CSO: 4200/262

TOLENTINO AGREES WITH AQUINO ON ELECTIONS

HK270314 Manila THE MANILA EVENING POST in English 24 Dec 86 pp 1, 9

[Article by Julio Sison]

[Text] Former Sen. Arturo M. Tolentino, who has been critical of the Aquino administration supported a move initiated by the Aquino government for the first time today.

Tolentino said he favors the decision made by President Aquino for the holding of separate local and national elections.

The former senator said "it would be impractical to hold both elections at the same time."

He said one day is not enough to accommodate all voters.

Tolentino also stressed that the Commission on Elections (Comelec) might not have enough time to prepare for such simultaneous polls, like the printing of ballots and the preparation of other election materials.

"It is also expensive," Tolentino said, explaining that the poll body needs more teachers and funds to pay them and to print additional ballots.

There must be a big interval between the local and national elections, Tolentino said, adding the local polls should be held six months after the national elections.

After the national elections, Congress can convene and set the date for the local elections.

But Tolentino said the holding of elections next year would depend on the result of the Feb. 2 plebiscite.

"If the draft Constitution is rejected, then presidential elections should be held immediately," Tolentino said.

President Aquino said this morning communist leaders Satur Ocampo and Antonio Zumel may run for seats in Congress or for local elective positions in case elections are held in May.

At the same time, Aquino yesterday ruled out the possibility of holding simultaneously, local and national elections in May next year.

The President said studies submitted to her showed that one day would not be enough for voters to choose local officials and members of Congress.

One study, the President said, indicated that at least 15 minutes would be needed for a voter to write 45 names in his ballot.

The President said it looks that the local and national elections have to be scheduled separately.

On reports that communist leaders Satur Ocampo and Antonio Zumel are being mentioned as possible congressional candidates, the President said the two may run for seats in Congress or for local posts.

Anyone is free to seek an electoral position as long as he meets the Comelec's requirements, the electoral body said.

She said Ocampo and Zumel cannot run under the banner of the Communist Party of the Philippines (CPP) because it is still outlawed.

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CSO: 4200/269

LIBERAL PARTY WARNS OF AQUINO ELECTION 'STRATEGY'

HK270610 Manila THE MANILA JOURNAL in English 26 Dec 86 p 12

["Political Pot" column]

[Text] Liberal Party [LP] leaders yesterday warned that President Aquino's rejection of the idea of synchronized elections could be a strategy to catch the opposition by surprise should Mrs. Aquino change her mind at the last minute.

"It is apparent that the administration is following the Marcos tactic of trying to confuse the opposition. Remember how Mr. Marcos said that he was against a snap election, only to reverse himself later when he thought that the other side would be caught flatfooted," Liberal Party president Eva Estrada Kalaw noted.

Kalaw recalled that earlier the President, along with Vice President Salvador H. Laurel, had favored the holding of joint local and congressional polls.

But two days ago, the president reversed herself by citing the difficulties of having these two elections at the same time.

Other Liberal bigwigs, in supporting the Kalaw opinion, said that to be caught by surprise is to be caught unprepared so that there would be no time to put up a good or complete lineup for the local and Senate and House elections.

Kalaw, as LP head, is now busy ascertaining the thinking of party leaders in Manila and the provinces to give her an idea as to who should compose the various election tickets.

LP, Kilusang Bagong Lipunan and Nacionalista strategists find consolation in the knowledge that even the Lakas ng Bansa, the overall party organization of the administration, will be unable to put up complete tickets.

This has accounted for the raiding parties of the Kakas ng Bansa that has netted the support of secessionists from the KBL and Nacionalista Parties, it was pointed out.

The Philippine Democratic Party-Lakas ng Bayan said that the fact that even the administration political leaders may not be in a position to complete their lineups argues against the opposition fear of a surprise announcement on simultaneous local and congressional voting.

"The wishful thinking of the opposition makes them out of touch with political reality. One is not surprised that its members will always be in the minority not having the imagination and mettle of becoming the party in power," former Congressman Jose D. Yap, chairman of the PDP-Laban [Pilipino Democratic Party-Lakas ng Bayan] committee on membership, said.

The Enrile Coalition Movement started brushing up its plans for a door-to-door campaign in urban centers to convince householders of the social and ideological dangers of having the proposed charter approved by the plebiscite on Feb. 2.

This approach has been prompted by the thought that the more militant and intelligent voters are in the cities and big towns.

The movement's campaigners will also warn the people on the danger of giving too much ground to the communist rebels under the guise of sustaining the cease-fire agreement.

The Constitutional Commission's special ad hoc committee will spread out to the 13 regional areas of the country on Jan. 5 to enlist local government officials to an all-out drive for ratification of the new Constitution.

Floorleader Napoleon G. Rama said the committee chaired by Con-Com [Constitutional Commission] president Cecilia Munoz Palma and the special education committee headed by Christian Monsod met yesterday and agreed to assign two Con-Com members each to the 13 regions on Jan. 5.

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CSO: 4200/269

EXPRESS VIEWS CHOICE OF PIMENTEL AS NEGOTIATOR

HK270555 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 26 Dec 86 p 4

[Editorial: "Crucial Peace Talks Ahead"]

[Text] President Aquino's designation of the three-man government negotiating panel to the formal peace talks scheduled next week with the Moro National Liberation Front signals a crucial phase in the peace search for that embattled island.

The choice of a home-grown Mindanao leader to head the government peace panel is quite significant since he is supposed to understand the Mindanao problem and its ramifications. As former mayor of Cagayan de Oro, former chairman of the PDP-LABAN [Pilipino Democratic Party-Lakas ng Bayan] Party, and now a member of Mrs. Aquino's official family, Aquilino Pimentel Jr., presidential adviser on national affairs, has the credentials.

The choice of a three-man Christian panel is perhaps purely co-incidental, but it should also prove useful in taking into account the interest of the Christian majority in coming up with a solution acceptable to both Christians and Muslims.

It is quite clear at this point that the government is prepared to discuss how genuine autonomy in the Muslim areas can be achieved. It is also equally known that secession of any part of the country from the national mainstream is non-negotiable and would mean the immediate collapse of the peace process.

After the initial talks in Jiddah, Saudi Arabia, it would be best if all the subsequent meetings could be held in the country or in Mindanao itself to avoid the impression that an outside party may try to influence the outcome of the negotiations.

To the extent that the peace talks could proceed in the context of what is mutually acceptable to both, an end to the bloody 14-year Muslim insurgency is not far-fetched.

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CSO: 4200/269

PRO-AQUINO PARTIES MERGE, SEEK LISTING

HK311003 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 27 Dec 86
pp 1,7

[Article by David C. Borje]

[Text] The Pilipino Democratic Party and the Lakas ng Bayan [PDP-LABAN], two separate political parties officially registered in 1985, have asked the Commission on Elections to be registered as a single political party, to be known as the Partido Demokratiko Pilipino-Lakas ng Bansa, or PDP-LABAN for short.

In its petition, filed by its president, Jose Cojuangco Jr., and secretary general, Douglas Cagas, the PDP-LABAN said it has elected its national officers on Oct. 25-26, following the ratification of its new constitution by all members of the party's chapter assemblies throughout the country.

Cojuangco is the younger brother of President Aquino. Pilipino Democratic Party and the Laban ng Bayan are among the 52 political parties already registered with the Comelec. Six other political parties have pending applications for registration before the Comelec.

The Lakas ng Bansa, the new umbrella organization of groups supporting the president, has not yet filed an application for registration with the poll body. The Lakas, however, is already preparing for the senatorial elections on May 11. Its secretary general, Enigdio Tanjuatco Jr. is a first cousin of the president.

The PDP-LABAN and the Lakas are expected to merge or coalesce for the national and local elections in the wake of President's recent statement that she will take a direct hand in the selection of administration candidates.

The PDP-LABAN is already organized with existing chapter assemblies and municipal, provincial and city councils throughout the country. Many of the incumbent provincial and municipal officers-in-charge are accredited members of PDP-LABAN. The party, like others already registered with the poll body, renounces frauds and violence and all other undemocratic and illegal acts as means of realizing its political objectives, like a peaceful and democratic way of life.

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CSO: 4200/269

SECRET SURVEY ALLEGES LARGE 'NO' VOTE IN MANILA

HK311013 Manila THE MANILA EVENING POST in English 29 Dec 86 pp 1, 9

[Article by Rey Briones]

[Text] A door-to-door survey in Metro Manila's poor areas shows an overwhelming vote against the proposed new Constitution.

Slum and "neglected" community dwellers, comprising at least 70 per cent of Metro Manila's 7.5 million day population, are reportedly set to campaign actively for the rejection of the proposed Charter.

"The proposed Charter promises nothing concrete to alleviate our plight. It spells out a lot of political freedom for intellectuals, but not economic relief for the hungry poor," a member of the survey team from the Metro Manila Commission (MMC) quoted several simple folk as saying.

MMC officials this morning refused to admit that there was such an official survey seeking the public's opinion for the proposed Charter.

They said they would deny survey reports attributed to the MCC. Metro Manila Governor Jose Lina himself denied having ordered a house-to-house survey to determine the Feb. 2 trend of the plebiscite.

Showing a xerox copy of the survey, however, MMC insiders insisted that the survey, conducted by the barangay operations center, started early December.

The results, which were said to have been gathered from heavily populated depressed areas, although not from the entire metropolis, was compiled and supposed to be submitted to last Dec. 23.

Insiders said Lina's political adviser told the survey team to keep the results under wraps to avoid embarrassment revealed to the media.

The survey indicated, according to insiders, that the "no vote" of residents from depressed areas is different from the Charter rejection of the Marcos "loyalists."

It quoted household members as saying: "Unlike the Kilusang Bagong Lipunan (KBL) stand which is [several words indistinct], we in the slum areas are economically frustrated with the new administration."

Families interviewed by MMC surveyors stressed that for the past ten months the new government has afforded them nothing but promises, including the alleged benefits contained in the proposed Constitution.

"The rate of unemployment has increased, crime that has gone up particularly against property, and prices remaining high despite rounds of oil price cuts, are mostly the basis of the disenchantment in the depressed areas," the survey reported.

The trend towards rejection of the draft Constitution which the government claimed pro-poor and pro-people is snowballing in the grassroots even as local officials join hands in pushing for the ratification of the proposed Charter.

The latest group to actively campaign for the rejection of the draft Charter is the million-strong Kilusang Mayo Uno (KMU) [1 May Movement] whose members are mostly laborers.

Other political groups from the opposition camp, and even the leftist Partido ng Bayan [PNB] [People's Party] are opting for a "no vote."

All these political groups claim membership from the grassroots.

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CSO: 4200/269

REBEL NDF 'UNVEILS' TRIBAL CORDILLERA ARMY

HK151359 Hong Kong AFP in English 0849 GMT 15 Dec 86

[Text] Benguet Province, Philippines, Dec 15 (AFP)--The left-wing National Democratic Front (NDF) has unveiled its second insurgent army here, composed of hundreds of Igorot tribal warriors operating in the Cordillera Mountains.

"Several hundreds" of tribal militia units, armed with automatic rifles, spears, and a few machineguns, comprise the fighting force of the Cordillera People's Democratic Front (CPDF), leaders of the guerrilla force said here in the Northern Philippines.

The CPDF's political wing is one of 12 groups that form the NDF, the most active insurgent force in Asia which forged a 60-day ceasefire accord with President Corazon Aquino's government last week.

It was the first time that the NDF has publicly acknowledged the existence of a second army. For nearly 18 years, the NDF's armed campaign has been waged by the New People's Army (NPA), armed wing of the banned Communist Party of the Philippines.

Four ranking officials of the CPDF, their native pack-packs crammed with modern communications equipment and documents, met with a small group of journalists late Sunday in this cordillera highland province to announce their political program.

They said that the CPDF stood for genuine autonomy under the NDF's political program, and fought for official recognition of the ancestral domains of Igorot tribes which they say encompass five provinces and the resort city of Baguio in Northern Luzon Island.

A CPDF spokesman identified as Sumkad said that to their knowledge, military forces in the region had attributed previous CPDF attacks to the NPA.

The CPDF is not bound by communist ideology but the NDF realized the need to recruit tribal fighters familiar with fighting conditions in the upland areas, said Sumkad.

The CPDF's forces are "independent from the NPA," but the activities of both are "strictly coordinated," and NPA activities in the region must be cleared first with the CPDF, said its guerrilla spokesman who called himself Chadli.

The CPDF and NPA have staged up to company-sized military operations in the region for the past two years, and the CPDF was the "dominant" force in an attack on the town hall of Sadanga in February last year, he added.

The military has said NPA guerrillas were responsible for the attack, which emptied the town's police armoury.

The CPDF has also staged attacks on a military detachment and at least two other towns of the region in the past four years, said another spokesman Father Eddie Balicao.

The CPDF has influence over some 500 villages in the rugged, mountainous region, the ancestral home of seven ethnolinguistic tribes collectively known as the Igorots, but NPA guerrillas still operate there, Sumkad said.

Aside from joint operations, the NPA trains and provides firearms to CPDF armed units, which are currently considered as irregular militia units, Sumkad said.

The NPA leadership has said its regular guerrilla force consisted of 14-15,000 men last year. But the military last month put NPA strength at 23,000.

The CPDF ridiculed the current negotiations between the Aquino government and the CPDF's rival guerrilla force, the Cordillera People's Liberation Army (CPLA) headed by renegade Roman Catholic Priest Father Conrado Balweg.

"In our view, the government is talking to itself because the CPLA is now a paramilitary force of the government," Sumkad said.

The CPLA, which is said to be comprised of a few hundred Igorot guerrillas, split from the NPA in April due to ideological and tactical differences.

The CPLA has since signed a ceasefire with the Aquino government, and is due to push for its program of regional autonomy under a federal form of government in negotiations with a government panel in Baguio Monday.

The CPDF contends that the CPLA is now being armed by the military to foment inter-tribal conflict and derail the guerrilla movement in the Cordilleras, a charge which Father Balweg denies.

However, Father Balicao said that the CPDF was holding talks with the CPLA. Reconciliation with the Balweg group is still a possibility, provided Father Balweg and other CPLA leaders "rectify" and "reassess their position."

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CSO: 4200/269

PHILIPPINES

BATAAN NPA SPOKESMAN, NAFP OFFICER ON ISSUES

HK291400 Manila PHILIPPINE DAILY INQUIRER in English 29 Dec 86 p 16

[Text] Morong, Bataan--There is a strong possibility that the ceasefire agreement might collapse if the Aquino government is not serious in solving the insurgency problem, a ranking NPA commander in Central Luzon told Bataan newsmen Tuesday.

Ricardo Silvestre said the truce may collapse because of "forces threatening the success of the ongoing negotiations."

"Kung talagang in good faith sila (Mrs. Aquino and the negotiators) hindi nila pababayaan na mag leak kaagad ang impormasyon tungkol sa isyu sa ceasefire committee, Silvestre said (if they are in good faith, they should refrain from leaking information about the negotiations)."

Silvestre cited various factors which threatened the ceasefire agreement--American influence in the negotiation panel, lack of a definite position of the government negotiators, implementation of the truce favoring the military side and the government stand against the issues presented by the NDF [National Democratic Front].

The rebel commander said that the government panel should be flexible and receptive to the NDF demands to achieve peaceful coexistence.

Silvestre, who is also the NPA spokesman in the province believes the United States has influenced the government to protect American interests which are at stake.

But he said that the rebels in Bataan and Central Luzon will abide by the peace pact even if the military undertakes offensive operations.

"We don't care about the military intervention of the agreement but we would follow the letter what have been agreed upon," he said.

Silvestre's group also rejected the [number indistinct] billion rehabilitation program of the Aquino government for the surrenderers and their arms.

"Bakit hindi na lamang nila gamitin ang halagang iyon sa programa ng bogverno partikular sa mga magsasaka at manggagawa, [Why do they not use the money on government programs, notably for farmers and workers?]" Silvestre said.

He added that they will never lay down their arms.

Meanwhile, Col. Vicente S. Garcia, Task Force Samat commander and PC Recon [Philippines Constabulary Regional Command] 3 deputy commander for operations condemned the show of force of the NPA in Samal town last Dec. 11.

He told the Regional Peace and Order Council meeting in Camp Olivas "the incident in Samal is an act which is degrading the prestige of the local government. They held a rally without any courtesy to local executives."

Garcia challenged all governors, mayors and barangay captains to stand up and be counted to maintain the ability of the Aquino government to rule all parts of the country.

He also said that there is no such thing as an NPA barrio in Bataan because Task Force Samat and its combat units will not allow it.

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CSO: 4200/269

PAPER ALLEGES MARCOS IRAN ARMS DEAL INVOLVEMENT

HK270531 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 25 Dec 86 pp 1, 6

[Article by Antero E. Soriano and Fil Viduya]

[Text] Former President Marcos confirmed yesterday that he had an agreement then Defense Minister Juan Ponce Enrile, and then Lt. Gen. Fidel V. Ramos, allowing him to return to the country.

In a live telephone interview from his exile in Hawaii over radio station DZEC, Marcos said the agreement was forged at the height of the civilian-backed military revolt last Feb. 25 when he and the two, he said, discussed his departure from Malacanang.

Also yesterday, sources told the EXPRESS that U.S. President Ronald Reagan is just too willing to let Marcos return to the country as soon as possible because of the deposed President's alleged involvement in the Iran arms deal fiasco now brewing in the United States.

The sources said the former President had allegedly contributed heavily to the secret deal which involved sending arms to Iran by the United States and diverting proceeds of the sales to the Nicaraguan Contras.

The U.S. Congress, the sources said, is to convene January and Marcos might be asked to testify. When that happens, they said, Marcos' damaging testimony could bring down the Reagan presidency and dash the Republican's chances of winning the 1988 presidential election.

Leading credence to this, they said, was U.S. Vice President George Bush's pronouncement, guaranteeing Marcos' freedom to leave the United States any time he may wish.

Enrile had said earlier that General Ramos was a party to the agreement allowing Marcos to return to the country, an allegation that Ramos denied last Monday at the Kapihan sa Manila.

The former defense chief said in a radio interview that he favors Marcos' return so that the deposed ruler could attend the burial of his sister Elizabeth Marcos-Keon.

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CSO: 4200/269

PHILIPPINES

EDITORIAL QUESTIONS DECISION ON MARCOS' RETURN

HK181527 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 18 Dec 86 p 4

[Editorial: "A Question of Compassion"]

[Text] The denial of the appeal for the Aquino government to allow Ferdinand Marcos to come home to attend the funeral of his sister and to be with his mother in her last days should be re-examined. In trying to avoid what it perceives to be a possible cause of political unrest, the government may be spawning a bigger headache.

For Filipinos, being with the family at a time of bereavement and burying one's dead is a revered tradition that even political considerations cannot ignore.

A suggestion to allow the deposed president's mother to be transported instead to Hawaii, there to await her dying day, all in the effort to keep Marcos away, is most unkind, not to say impractical.

These only serve to confirm perceptions of government instability, and its seeming lack of confidence that it can handle situations of this nature.

Surely, there will be risks involved. But isn't it time for the government to show that it is on top of the situation? The Malacanang decision to keep Mr. Marcos out of the country, even with a death in his family, can only fuel the resolve of so-called loyalists, because they will certainly see this action as a sign of weakness.

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CSO: 4200/269

BATAAN NPA CITE SAMAL SUPPORT, HIT NCC RULING

HK311007 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 30 Dec 86
pp 1, 3

[Article by Ibarra C. Mateo with reports from Leo Enriquez]

{Text} The National Democratic Front [NDF]-Bataan chapter rebuked yesterday the ruling of the National Ceasefire Committee [NCC] declaring the entry of 80 heavily armed members of the New People's Army to Samal town last Dec. 11 as a violation of the truce.

Javier Domingo, spokesman of the NDF-Bataan, said the NCC decision is "blind to the reality" that the NPA has a strong presence in Samal. He said the people of Samal recognize the fact that two political authorities exist in the town: the revolutionary movement and the local government.

In the same press conference held in San Juan, Samal, site of the controversial NDF-led peace rally, NPA-Bataan spokesman Ricardo Silverstre said the military violated the spirit and letter of the truce accord when participants to the Dec. 26 rally staged to celebrate the 18th founding anniversary of the Communist Party of the Philippines were allegedly harassed, intimidated, and searched.

It was also announced that an NPA member arrested last Dec. 17 was charged with illegal possession of firearms and mailed. Silverstre said the arrest of Tomas Paras violated the ceasefire agreement.

Domingo said Samal is 80 percent controlled by the NPA.

"The NPA guerrillas joined the ceasefire celebration on Dec. 11, they were here, as they have always been here, not to brandish their firearms and terrorize the people but to join the people in rejoicing and to show their strong support to the agreement," he said.

Domingo said the NPAs only acted as "honor guards" to NDF leaders who visited the area.

He said that even Bataan Governor Roman has sent a provincial board member to deliver a speech at the rally.

"Before the ceasefire, the NPAs could freely walk in the street of Samal. Now that there is a ceasefire, it is ironic that doing so would make us ceasefire violators. By virtue of the NCC decision, we are in effect being shooed away from our mass base under pain of being charged with ceasefire violations. We cannot allow this to happen," Domingo said.

Domingo said that the NDF-Bataan will file a formal protest with the NCC to reconsider its ruling or implementation of NCC general guidelines in Samal would pose problems.

He warned the NCC that the ceasefire might be imperiled in the area if the NCC insists on saying that the NPAs violate the truce if they carry firearms in areas they control.

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CSO: 4200/269

LE MONDE REPORTS NEGROS NPA, CHURCH ROLES IN CEASE-FIRE

PM230826 Paris LE MONDE in French 12 Dec 86 p 3

[Philippe Pons dispatch: "Communists and Soldiers Watch Each Other With Distrust"]

[Text] Bacolod--In a city already decorated with a few Christmas trees for a tropical Christmas, the people were celebrating and trying to believe in miracles, albeit the kind of miracle sometimes achieved by men: peace and fraternity. It is true that the church itself had called for this, indeed the church was one of the main architects of this 60-day truce between the government forces and the communist insurgents, the start of which was celebrated on Wednesday 10 December.

Monsignor Fortich, bishop of Bacolod, capital of Negros Island, had come in person to the square where the ceremony was taking place to welcome the delegation from the National Democratic Front [NDF]--a communist-controlled clandestine mass organization. This delegation was followed by a procession of some 30,000 supporters most of whom had come from the north and south of Negros. It is on this island, where the problems of poverty are vast and where the insurrection is spreading, that the cease-fire has mobilized most people, in addition to the northern part of Luzon.

The procession was headed by four rebel leaders wearing Chinese-style "proletarian" caps with the NDF's emblem on them. Two of them used to be priests in Monsignor Fortich's diocese and joined the underground fighters in the early eighties. The warm welcome which the bishop gave them was greeted with an ovation and a volley of slogans chanted with one voice: "Long live the Philippines! Long live Aquino! Long live the NPA!" In accordance with the last-minute agreements, no NPA member was carrying arms but around 100 of them were in the procession, a communist source told us.

The four rebel leaders who had come out of hiding and who all came from Bacolod, shook hands with people in the crowd who called out their first names. Firecrackers and fanfares drowned the cathedral bells. It was a festival atmosphere and Francesco Denafilis, alias "Major Eko," the NPA's founder in Negros, who had a price on his head in Marcos' day, picked up a guitar and sang the NDF's song: "What are the people dreaming of?" This was

the only really political part of the ceremony which, as is natural in the Philippines, ended with a mass: People raised their fists as they sang the song of Cory Aquino's "February Revolution"--"Bayan Ko," an old song sung by peasants who rose up against the Spanish colonialists at the end of last century. Even a nun greeted the revolution with a raised fist. Seminarians dressed in white and standing round their wooden cross, did not seem particularly surprised.

The church in Negros, as elsewhere in the Philippines, did more than just bless this day of national reconciliation. It was the main intermediary in bringing about the truce. Moreover Monsignor Fortich has been appointed chairman of the national commission to monitor the cease-fire. The 72-year old bishop, who is regarded as one of the most militant members of the Philippine episcopate, does not think he played a "political" role: "If the church does not contribute to peace and stability, is it playing its role fully?" he asked us. On Thursday evening the main seminary in Bacolod where the bishop resides, was turned into a huge camp for the "hill people," the NDF's supporters and several thousand people spent the night there sitting round campfires.

"The church in Negros recognizes that our cause is just," Silvino Gallardo, alias "Major Makao," told us. He is the son of a big Bacolod family who went underground in 1972 and is now regarded as leader of the Negros guerrillas. Both on this "sugar island" and in Iloilo, Cebu, and Panay it is former priests who joined the insurgents who are representing the communists on the cease-fire committees. "I still regard them as priests," Monsignor Fortich told us, "they are on leave at present."

Nervousness and Suspicion

The communists still distrust the government and more especially the army. They only seem to trust the church: "It is the church which has guaranteed our safety and it is because we trust Monsignor Fortich that we came down from the hills. So far we have not had any contact with the army, nor have we received any safe-conduct; the church must now ensure that the cease-fire is respected; the priests are in the best position to expose violations of the agreements," Mr Gallardo told us.

Monsignor Fortich wants to believe "in this initial step toward negotiations" with the communists. But he is also realistic enough to know that this truce, which was obtained by a hard-fought struggle with the radical elements in the two camps, is very fragile.

In addition to the difficulty of future negotiations (the communists have specific demands, particularly agrarian reform--which the Aquino government will find it difficult to satisfy in the near future--and the formation of a coalition government--a hypothesis which the president rules out), there are obvious threats of a break in the cease-fire: the instability of the political situation in Manila, the army's growing influence, and the right's acts of provocation.

The military are nervous. They say that they will honor the cease-fire, but they apparently do not intend to fraternize with the rebels. Monsignor Fortich had invited army representatives to the ceremony, but nobody came.

There are many opportunities to break the truce. The military refuse to recognize the existence of "red zones" controlled by the communists, but they are fully aware of where these areas are (one fourth of the villages in the archipelago). If they want "contact," they only have to enter those areas. In addition, the communist "front" is mobile and the NPA does not intend that the truce should result in a withdrawal to its bases. It is probable, therefore, that enemy patrols will meet. What will happen then?

In Negros the army seems to have tightened its grip on the "red zones" on the eve of the cease-fire: redeployment of troops and mortar attacks on the regions adjoining communist bases. The NDF representatives fear that the army may take advantage of the truce to strengthen its positions.

Nonetheless the communists hope to make gains on a different front, namely in public opinion. First, they are aware that they have achieved a threshold in the field which it would be difficult for them to cross without supplies of heavier weapons, which would be difficult to obtain and, second, they need a new image in view of Cory Aquino's "revolution" which caught them unprepared.

In the short term there is no question of them abandoning the armed struggle as a means of exerting pressure. But, at the same time, they must take account of an atmosphere which is less favorable to violent action than before: In Marcos' days, the lack of an alternative could justify violence in some people's eyes. They say they are trying to follow the "people's will." And this is why they support the new constitution on which there will be a referendum in February "even if it has some reactionary aspects." In addition, the cease-fire gives them the opportunity to be seen as one of the government's interlocutors and to openly express their ideas.

In the past week the "faceless guerrillas" have become men whose faces are known to all. They are appearing on television, and the newspapers report their statements every day. With the cease-fire they are preparing to set up shop, opening offices in all the big cities. For the communists the truce now starting is part of a vast public relations operation.

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CSO: 4200/269

CHURCH CLARIFIES ROLE IN CEASE-FIRE TALKS

HK270544 Manila THE MANILA JOURNAL in English 26 Dec 86 pp 1, 11

[Article by Teddy Owen]

[Text] The Philippine hierarchy is merely helping and not directly involved in the negotiations between the government and the communist rebels for nationwide peace despite one of its top official's heading the National Cease-fire Committee (NCC).

Rev. Fr. Cesario Sanedrin, NCC secretary who was executive director of the National Social Action (NASA) of the Catholic Hierarchy of the Philippines, said "The Catholic Church is not directly involved in the cease-fire talks between the government and the rebels.

"Bacolod Bishop Antonio Fortich, NCC chairman, invited me to help coordinate activities of the committee with branch offices of the NASA in the arch-dioceses and dioceses to enable the NCC to avail itself of immediate and impartial information," he added.

Fr. Sanedrin, as NCC secretary, has been charged with coordinating the information gathering efforts of the committee. He is well known to all the churchmen in the different branches of the NASA.

He said he would be replaced as NASA executive director by Sister Iluminada Torres who is to direct that office in an acting capacity.

"Any talk that the Catholic Church has become openly involved in the cease-fire talks is wrong," Fr. Sanedrin said. "Bishop Fortich accepted the chairmanship of the NCC as a Filipino citizen and as an impartial third party. He does not bring with him the church authority. Neither do I."

Sanedrin said that the plan was to set up local-provincial and city- cease-fire committees to be chaired by a churchman as an impartial third party, the commander of the military regional command, and a representative from the National Democratic Front (NDF). The three members will then choose two other respected and fair-minded citizens to complete the five-man committee.

He said that cease-fire committees on the local levels will be in place by the start of the new year to give the NCC in Manila first hand information quickly and reliably.

Substantive negotiations to end a 17-year insurgency began Tuesday between the government and communist rebels.

The two sides exchanged position papers during the 35-minute meeting. The talks are scheduled to resume in earnest at the start of January, when both sides are to exchange comments on the other's proposals and meet to set an agenda for the talks.

The negotiations, aimed at clarifying the cause of the insurgency and seeking a peaceful solution, are part of an extendible 60-day cease-fire agreement that went into effect Dec. 10.

So far, no serious breaches of the cease-fire have been reported. A special panel is investigating more than a dozen incidents reported by the military as possible violations.

As her negotiators prepared for the meeting, President Aquino said she did not expect agreement on all issues, but that she hoped "sincerity on both sides" could lead the way to a peaceful resolution of the conflict.

The two sides were to submit comments on each other's proposals on Jan. 3 and resume their talks on Jan. 6.

Saturnino Ocampo, a communist negotiator, said the government was "jumping the gun" in rejecting some of the insurgents' public positions. He said these positions were long-term goals and should not effect the preliminary talks.

On Monday, Aquino's spokesman, Teodoro Benigno, said the government had ruled out any form of power sharing with the rebels and had rejected any immediate call for the removal of American military bases in the Philippines.

"The President has been very clear and categorical in her refusal to accept the proposal for a coalition government," Benigno said. "That is not negotiable."

He said the government would stand by provisions of a proposed new Constitution that would allow the American bases--principally Subic Bay naval station and Clark Air Base--to remain if the legislature approves.

Aquino has said she would honor the current bases agreement, which expires in 1991, and would keep her options open after that date.

Before Tuesday's meeting, Ocampo said the government "has taken a very strong position on some aspects of our proposals that come at the very end."

On the question of the bases, Ocampo said: "Our starting position is that the bases must go. As to how and when, that is negotiable."

Teopisto Guingona, one of the government's negotiators, said the first step of the talks would be to agree on an agenda combining the proposals of the government and those of the National Democratic Front, which is negotiating for the rebels.

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CSO: 4200/269

PHILIPPINES

CPP ANNIVERSARY SPEECH PROMPTS PROPAGANDA FEARS

HK291350 Manila PHILIPPINE DAILY INQUIRER in English 29 Dec 86 p 4

[Editorial: "Warning Signals"]

[Text] The National Ceasefire Committee [NCC] ruled Saturday as violation of the ceasefire agreement the participation by armed rebels in a rally in Samal, Bataan, shortly after implementation of the truce.

The four members of the five-man body, however, cited as mitigating factors the lack of any untoward incident and the euphoria that resulted from forging of the agreement against dire predictions by prophets of doom.

Expressing concern that no similar acts occur again, the NCC cited the need for "good faith" and "mutual trust" by both parties to pave the way for smooth negotiations.

The celebration of the founding of the Communist Party of the Philippines [CPP] in Samal last week presented almost the same spectacle. Admittedly, the affair was staged outside the barangay proper, an indication that the communist leadership must have belatedly acknowledged the error of the first incident.

But there was a disturbing feature. The speech by a female party member on the need for continuing the armed struggle. Television footage showed her reading that speech, an indicator, that it had the imprimatur of the top CPP leadership. If so, the communists were telegraphing that they are not giving up armed overthrow of the government while holding peace talks with government representatives.

The rebels seemed lately to have orchestrated their attacks against the Aquino government.

Public perception is that either the government is losing out in the propaganda war, or the communists just are better at it.

Propaganda, however, is not gauged by the volume of messages beamed. Nor the stridency of the offensive barrage. It is the "song" that counts and

the reception by the target audience. Former President Marcos' propaganda machinery recently elicited grudging tribute from Minister Teodoro Locsin, Jr. Like the rebels, he may have missed the lesson of the past.

The linchpin of propaganda is credibility. That is why it can not withstand the truth. The former regime committed that fatal mistake of thinking that control of mass media, versatility, and creativity were the key factors. Precisely because the Aquino group lacked the sophisticated counter-machinery and seemed considerably much weaker and ineffective, Filipinos tended to believe Ms. Aquino more. The result is now history.

Violence does not consist only in the use of guns. Words can be equally deadly. While the search for peace is being carried out, perhaps it is best to reduce the bellicose statements that may only torpedo the gains already achieved.

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CSO: 4200/269

PHILIPPINES

AQUINO CONDEMNS CORRUPTION, ESPOUSES VALUES

HK291408 Quezon City BUSINESS DAY in English 29 Dec 86 p 24

[Text] President Corazon C. Aquino yesterday urged Filipinos to shun the corrupt ways of the past and build a society where success is measured by something other than the size of the bank balance.

Apparently responding to Church allegations of corruption in her government, she called on her fellow-countrymen to adopt simpler life styles.

Luxury and extravagance she declared "are the hallmarks of tyranny not of the Republican state we are."

President Aquino also urged Filipino families to get involved, pointing out that in the election and revolution last February, the family guarded the polls, took to the streets to contest the results rigged by her political foe, and formed a human barricade to protect a military revolt against Marcos and a new-born democracy.

Addressing the "Family Congress" at the Araneta Coliseum in Quezon City, the President said the "unity and strength of a family strengthens the nation."

She cited four core values crucial to the country which must be cultivated in Filipino homes.

She said, "The family that does not center its life in God becomes a self-centered and self-serving family and the family that turns inward to God finds itself in the warmest solidarity of God's family."

President Aquino stressed that "this faith gave us the courage to work the miracle of our liberation, that enabled us to overcome the greatest crisis in our nation's history."

She said the people should now ensure that this faith is real and translate it into action so that "we can close the gap between the profession and practice of our faith."

The second core value is personal honesty and integrity, which are essential elements of reconstruction.

The President stressed that "we must not make the security and future of the members of our family the motive and justification for corruption and greed."

"Our legacy to our children should not be measured by our bank accounts and by the position we have attained in society but by the size of the space we make for them in our hearts and the loveliness and ideals of the values we espouse," she said.

The third core value, according to the President, is a "deep yearning for one's own culture." Related to this is the need for "simplicity in our family life styles," she said.

"Self-indulgence and extravagance are the hallmarks of tyranny, not of the Republican state that we are," the President said, adding that "luxury disrupts us from the specific virtues we must cultivate to ensure democracy's survival. [no closing quotes as published]"

The fourth core value upon which Filipino homes should be built "is the commitment for the ways of peace as the first and, if possible, the last means of resolving conflict," she said.

President Aquino arrived at the Congress in a beige embroidered dress. Accompanying her were members of her family. They were presented a plaque of appreciation as the Family of the Year by the Congress organizer, "Family for Justice and Peace."

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CSO: 4200/269

EDITORIAL URGES REPEAL OF ANTISUBVERSION ACT

HK270715 Manila THE MANILA CHRONICLE in English 26 Dec 86 p 9

[Editorial: "Cory Can Show Us How To Love and Forgive--by Example"]

[Text] Both President Aquino and Jaime L. Cardinal Sin cited our bloodless revolution last February as proof of the Filipino people's capacity to love and forgive one another in Christ's name. The same spirit, they said in Christmas Day messages, can bring the nation a peaceful end to its insurgency problem and economic progress through brotherly oneness.

President Aquino went a little farther when she told Malacanang reporters she would like to see National Democratic Front leaders Tony Sumel and Satur Orampo run for the Senate or the House in the projected May 11 elections--if the 1986 Constitution is ratified by the people in the Feb. 2 plebiscite.

We beg your pardon, but can you blame us for availing of the Christmas spirit thus far generated to write this eighth editorial on a subject that we believe can assure us peace faster than the ceasefire and truce negotiations? Of course not.

We are referring again to the repeal of Republic Act 1700--the Anti-Subversion Act that outlaws the Communist Party of the Philippines and related organizations. We believe the repeal by President Aquino will automatically restore the political and human rights of our communist countrymen and enable them to vote in the plebiscite, run for senator or congressman in May and cease hiding in the hills and ambushing government soldiers in order to assert their views on the nation's problems.

The repeal also will give back to the communists their rights to privileges as Filipino citizens--which means they can be arrested and prosecuted for violating the law like fellow citizens who believe in democracy and other ideologies. Law violations include possession of unlicensed firearms and plotting to overthrow the government, which is rebellion.

It seems that our communist "kababayans" have already forgiven us for keeping them all these years secondclass citizens in their own country, but we have yet to make amends.

The repeals' urgency has been espoused by not a few keen political observers, including former President Diosdado Macapagal, former Senator Raul S. Manglapus who now heads the National Union of Christian Democrats, and Satur Ocampo and Tony Zumel themselves.

And now President Aquino hinted her learning by hoping for the electoral-process participation of Satur and Tony.

In advocating full freedoms for the communists, we are confident that our democratic way of life can stand up to communism in the free market of ideas and in the elections.

We also believe that our communist brethren will stop resorting to violence if they are not punished for believing in a form of government different from the majority. In Japan, Europe, the United States and other nations, communists were not outlawed but live as complete human beings. Are we less civilized?

President Aquino has challenged us to forgive and love one another in the name of Christ. Her repeal of the Anti-Subversion Act will surely show the way and give democracy a chance to work.

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CSO: 4200/269

SECESSIONIST ADVOCATE SAID TO HEAD MNLF PANEL

HK300057 Manila THE MANILA CHRONICLE in English 29 Dec 86 pp 1, 2

[Text] A strong advocate of secession for the Muslim south is expected to head the panel of the Moro National Liberation Front during the peace talks in Jeddah Jan. 2 to 5, a very reliable Government sources told CHRONICLE.

That man is Dr. Farouk Hussein, the chairman fo the MNLF foreign affairs commission. And even if Hussein would not head the panel, he is expected to play a crucial role in the negotiations, the source said.

Government negotiator Norberto Gonzales said Hussein was a knowledgeable man considered as a possible successor to MNLF chairman Nur Misuari. Hussein is a physician by profession, a major stockholder of the Jolo Doctors Hospital and president of the Jolo Jaycees, Gonzales said. He is married to a Yugoslav, an MNLF commander also told CHRONICLE.

In 1980 Hussein petitioned the United States to grant belligerency status to the MNLF. Sources in the Ministry of Foreign Affairs said the petition was shelved because it was not sponsored by a UN member-state.

Gonzales confirmed that the MNLF panel would be a big one, consisting of representatives from such ethnic groups as the Tausugs of Jolo, the Samals and Bajaus of Tawi-Tawi, the Maranaos and Ilanuns of Lanao, the Maguindanaos of Cotabato and Maguindanao, the Kolibugans of Zamboanga, the Yakans of Basilan, the Karagas of Davao Oriental, the Sangils of Sarangani Islands, as well as MNLF officials.

The Jeddah talks will lay the groundwork for the formal talks. One of the crucial issues to be resolved is the role in the talks of the Organization of the Islamic Conference (OIC), composed of 46 Islamic nations.

"We have to balance two things," Gonzales said. "The MNLF issue is an internal problem of the country but at the same time we recognize and appreciate the presence and involvement of the OIC. We consider their presence a positive influence," Gonzalez said.

It was the OIC which had pressured Misauri into accepting the Tripoli agreement of 1976. According to a paper on the Agreement written by Deputy Minister Saidamen Pangarungan of the Ministry of Local Governments, Misuari had reportedly cried when he signed the Agreement because "the compromise formula, i.e., autonomy, amounted to a complete departure from his original stand for a separate, independent state for the Moroland."

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CSO: 4200/269

SISON ASSESSES CEASE-FIRE, NDF ROLE

HK280615 Hong Kong SOUTH CHINA MORNING POST in English 27 Dec 86 p 3

[Article by Mary Ann Benitez]

[Text] The alleged founder of the Communist Party of the Philippines, Mr Jose Maria Sison, is not optimistic about an extension of the current ceasefire between communist rebels and the Aquino government, unless the rebels are given a "status of belligerency".

Mr Sison, who admits to exerting a "moral influence" over the leftist groups, said this status of belligerency had not been granted in the November 27 ceasefire agreement which took effect on December 10.

Such a status would imply recognition that the rebels were a legitimate political force in control of parts of the country, he said.

"I think the NDF will try to avoid getting deeper into the commitment if it is not vested with the status of belligerency," Mr Sison told the SOUTH CHINA MORNING POST during his current visit to Hong Kong.

The National Democratic Front (NDF) is playing a key role in talks between rebels and the government aimed at ending the 17-year-old communist insurgency.

Unless such a status was granted, Mr Sison said he believed the agreements forged during the ceasefire talks would hold little substance because their implementation would still be subject to the laws, institutions and processes of the government.

"What it means is that what is written about land reform, for instance, in a comprehensive agreement is a mere promise," he said.

However, Mr Sison said the current ceasefire was effective as the level of conflict had dropped abruptly.

"Also, the talks are useful in the sense that they prepare for the solution of the fundamental problems of the people, and this would necessitate some political settlement," he said.

Mr Sison is in Hong Kong on a 22-day visit as part of a 10-month world lecture tour to promote "Philippine solidarity". Since August, he has visited Australia, New Zealand, Thailand and Japan.

From Hong Kong, he will fly to India for a 15-day visit before continuing to Europe in late January and then to the United States.

Mr Sison, who said he was speaking as a political analyst and academic, said the "only alternative" for Prime Minister Mrs Corazon Aquino was a coalition government.

"Otherwise, each side will just insist on its own supremacy. The Philippine Government can become a positive force in solving the basic problems only if it is in combination with all the other positive forces," he said.

One of these forces was the "revolutionary government" whose influence had spread throughout Philippine society, he said.

"I think, at best, the negotiations and agreements are probably preliminary to the discussion between the Philippine Government and the people's revolutionary government," he said.

Mr Sison said the revolutionary government was set up in 1971 and had established organs of political power in "tens of thousands of barrios and hundreds of municipalities all over the country."

He said the Philippines' basic problems--U.S. domination and landlord exploitation--had not been addressed, he said.

"The political and economic crisis continues to worsen," he said.

"The same root problems that brought about the Marcos fascist leadership are there. They have not been pulled out thoroughly.

"Mr Marcos aggravated the basic problems. Mrs Aquino, up to now, has not solved the fundamental problems of the people."

A solution to the land problems was critical, he said.

Mr Sison believes the Philippines will have relative stability during the next two years.

"But two or three years after, that's where real instability will set in if the fundamental problems are not solved, and therefore the political and economic crisis will worsen," he said.

"That is expressing a lot of hope that there will be some kind of viable agreement between the revolutionary government and the Philippine Government."

He said an agreement would be difficult to achieve because "as of now, the Philippine Government appears to want one thing: to assert its political supremacy".

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CSO: 4200/269

COLUMNIST ON SISON'S SOVIET CONTACTS IN JAPAN

HK241425 Manila MANILA BULLETIN in English 29 Dec 86 p 6

[From Jesus Bigornia column: "Joma Sison's Travels for Red Cause Noted"]

[Text] If President Aquino is TIME magazine's "Man of the Year," Prof. Jose Ma. Sison should be the Tourism Ministry's "Tourist of the Year." Since liberation from military custody earlier this year, the founder and erstwhile chairman of the Communist Party of the Philippines (CPP) has been country-hopping through the Pacific periphery of the Asian continent. Until a month ago, the country's acknowledged top communist was reported delivering lectures in Singapore and Australian cities. He has since shifted his operations to Japan.

What many may have missed is the fact that Prof. Sison, who has neither admitted nor denied any ties to the CPP is about the most avidly monitored "tourist" anywhere. His every move is reportedly and understandably recorded by the covert agencies of the superpowers--the Soviet Union and the United States--and by that of the Philippines. For the onetime University of the Philippines professor is suspected of drumming up international support for the CPP and its military arm, the New People's Army (NPA), which he helped set up in the late 1960s.

Prof. Sison's protracted sojourn in Tokyo is giving intelligence circles here massive migraines. In the Japanese capital, he was observed deeply and repeatedly in conference with Soviet diplomatic and cultural officials. The local intelligence community fears that Mr Sison has been negotiating for Russian logistical support for the NPA rebels. Since the Soviet Union, like the U.S., would rather fight its battles for world dominance through surrogates, it is expected that Moscow has been asked to exert its influence over Hanoi to release military material left there by retreating American forces in Vietnam.

Even more worrisome to knowledgeable military quarters is probable American intervention in the endemic communist insurrection here when it becomes evident that the NPA is receiving massive arms aid from Vietnam. After all, the arms pile left in various depots, including those at Cam Ranh, are not official equipment of the Vietnamese Army which is equipped with modern Soviet equivalents. Such assistance from Hanoi would seriously affect the government's campaign to stamp out the rebellion.

However loud nationalists may protest, the universal truth is that all developing nations must opt for security and protection under the umbrella of one or the other superpower. In the case of the Philippines, this country has elected to remain under the ambit of American protection. Both the U.S. and the Soviet Union have so far respected each other's political condominium--sphere of influence. It may be recalled that when American covert agents were reportedly stirring trouble in Eastern European countries, including Hungary and Czechoslovakia, the Russians sent in their tank-supported divisions. The same could happen here.

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CSO: 4200/269

REGIONAL COMMUNIST LEADER, MILITARY AT CEREMONY

HK300723 Hong Kong AFP in English 0636 GMT 30 Dec 86

[Text] Cagayan de Oro, Philippines, Dec 30 (AFP)--A communist rebel leader Tuesday joined military and civilian officials here in ceremonies marking the 90th anniversary of the national hero Jose Rizal's execution.

It was the first known instance of a rebel leader taking part in such public official rites.

A 60-day nationwide ceasefire with the government, the first in the 18-year history of the communist insurgency, began on December 10.

Wilfredo Mapano, regional head of the banned Communist Party of the Philippines (CPP), helped raise the national flag and sang the national anthem before some 2,000 people in this city on northern Mindanao Island.

He also helped lay a wreath at the foot of a monument to Dr. Rizal, who was executed in Manila by Spanish Colonial Forces on December 30, 1896.

He told the crowd that the communists were "open to nonviolent means" and that they were for "responsive cooperation and giving peace a chance."

"Armed struggle is negotiable," Mr. Mapano told reporters later in a restaurant near the site of the ceremony.

The chairman of the regional committee monitoring the truce, Archbishop Patrick Cronin, called on the government and rebels to be "truly honest and sincere in observance of the ceasefire."

The regional military commander, Brigadier General Mariano Adalen, called President Corazon Aquino "a modern-day Rizal for advocating reconciliation and supporting the ceasefire."

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CSO: 4200/269

OIC'S TO LECTURE ON DANGER OF COMMUNISM

HK270512 Manila THE MANILA EVENING POST in English 24 Dec 86 pp 1, 9

[Text] All officers-in-charge (OICS) in the country will soon be directed by the Ministry of Local Governments (MLG) to help educate the citizens on the growing influence of communism which has become a threat to freedom and democracy.

Sources close to Local Governments Minister Jaime Ferrer said the communist threat could be neutralized only by educating the people on the distinct differences between a communist state and a free and democratic government.

Ferrer stressed that the growing communist influence, which threatens the gains of the Feb. 22-25 People's Power Revolution that resulted in the restoration of freedom and democracy in the country, has been causing political instability.

Such instability has been affecting efforts of the government to achieve economic recovery, Ferrer said. The communist threat, not the absence of a Charter, should be viewed with concern by all sectors, Ferrer said.

The directive instructing all OICS to help the national leadership in preserving freedom and democracy in the country is being prepared by the MLG.

In addition, he said, OICS will be urged to campaign actively for the ratification of the new Constitution.

He said that most of the demands of the local communist movement were included in the proposed Charter, particularly those which affect land reform and the creation of more jobs.

The performance records of all OICS who have been appointed since the February Revolution are being reviewed by MLF monitoring committees.

Ferrer said OICS who have not been delivering the essential services to the people would be fired, especially those who have been accused of irregularities.

Ferrer has recommended the dismissal of at least three provincial governors and six municipal mayors since he took over the post vacated by Aquilino Pimentel, Jr., now presidential adviser on national affairs.

OICS with leftist leanings might be replaced, MLC officials said.

However, those OICS will be given the chance to defend themselves in the hearings at the MLF offices, MLF officials added.

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CSO: 4200/269

KBL URGES GOVERNMENT DISCLOSE 'SECRET' TALKS COMMITMENTS

HK270526 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 25 Dec 86 pp 1, 2

[Text] The central committee of the Kilusang Bagong Lipunan yesterday called on President Aquino to "disclose certain secret commitments" she may have made to the National Democratic Front [NDF] and the New People's Army as the price for the ceasefire agreement.

"President Aquino is dutybound to publicly reveal all her commitments to the rebel forces to reassure the people that she has not, by herself alone and in absolute secrecy, doomed the democratic representative government of the Republic," the KBL central committee said in a press statement.

Former Speaker Nicanor Yniguez, acting KBL president and chairman of the central committee, noted that according to newspaper reports, the NDF-NPA leadership charged the Aquino government with "backtracking from the original framework from which the talks started."

Yniguez stressed the NDF-NPA charge indicates that there was an "original framework" different from the government's position in the ongoing negotiations.

"The Filipino people, whose future no less is at stake, and the soldiers of the government who might have to die in the fight against communism in the country, are certainly entitled to know the truth fully," Yniguez said.

The committee deplored that the government has lost the initiative in the negotiations with the rebel forces.

"As the talks now stand, the NDF-NPA negotiators appear to have all the solutions to the insurgency problem and the government has none," the KBL said.

The party noted that the NDF-NPA has announced a 10-point "Package of Principles" to secure peace for the country.

In contrast, the KBL said, President Aquino has been silent on the NDF-NPA claim that the government was offering "mere palliatives" and resorting to "bribery" of the rebels to solve the insurgency problems.

The KBL said newspaper reports on Dec. 19 quoted NDF negotiator Satus Ocampo as having said that the cease-fire talks actually started as early as last March.

If this is so, the KBL said, then the presidential commitments to the rebel forces must have been made between March and the signing of the ceasefire agreement last month.

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CSO: 4200/269

COLUMNIST ALLEGES ANTI-RAMOS CAMPAIGN IN PRESS

HK301541 Manila MANILA BULLETIN in English 30 Dec 86 p 6

[From Jesus Bigornia column: "Rebel Defiance of Military Authority Cited"]

[Text] A campaign to erode the image of "The Last Anti-communist in Government," New Armed Forces chief of staff General Fidel Ramos, has become palpable. Highly-placed covert antagonists have been "feeding" National Democratic Front (NDF), "house organs" in media with saber-rattling statements attributed to the chief of the military establishment only to play up incidents on rebel defiance of military authority. In effect, the New People's Army (NPA) guerrillas are shown as "thumbing their noses" at the chief of staff for not going after them.

To cite an example of a perceived media blitz: General Ramos is quoted as threatening to arrest gun-toting persons, including NPA rebels, all in accordance with recently laid down National Ceasefire Committee (NCC) guidelines. Almost immediately after publication of such sanguine statements, newspaper reporters and television crews are invited to "a show of rebel force" such as that demonstrated only last week at Orion, Bataan, on the occasion of the anniversary of the founding of the Communist Party of the Philippines (CPP).

The military's effort to respond, that is, carry out the alleged Ramos threat, creates the general impression that the chief of staff was merely bluffing. The public begins to doubt the armed forces' capability and will to do combat with the forces of rebellion. The pedestal on which Ramos stands as a leading hero in the EDSA (Epifanio de los Santos Avenue) "revolution" is cut a notch downward. Of course, the fact that the military has for some time now been held under restraint under orders of higher authority is conveniently omitted.

It might be timely in this connection to recall how the then lone anti-communist in the Aquino Cabinet, then Defense Minister Juan Ponce Enrile, was fired from the service following a long and sustained campaign of denigration in the so-called "Cory Press." Indeed, one newspaper used practically every section, except the comics page, to cast aspersions on Enrile. Because of his strong anti-communist views seen as diametrically opposed to those of the President, Enrile was booted out of the Cabinet. A similar fate could befall the chief of the military establishment.

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CSO: 4200/269

EDITORIAL LAMENTS CIVILIAN 'IRRESPONSIBILITY'

HK241325 Manila THE MANILA CHRONICLE in English 24 Dec 86 p 4

[Editorial: "Military Is Being Left Alone With Rebels"]

[Text] Speaking at Monday's 'Kapihan sa Maynila' [Manila Coffeeshop], Gen Fidel V. Ramos articulated the impatience of people--civilians and civil service employees alike--over the apparent lack of coordinated effort among the ministries on the ceasefire negotiations.

In the past the problem of the Government had been that a sector of the Armed Forces did not want the ceasefire to start for fear that it would succeed.

That opposition has now been removed and a historic breakthrough has been achieved with the most organized rebel groups in the country. The military, for all its concern about its function of safeguarding the peace and continuing its function in the cities as well as in the countryside, has observed propriety by toeing the Government line, even in instances where ambiguities or grey areas exist. If there is anything that eloquently demonstrates the military's subservience to the civilian Government, it is its most commendable behavior so far, since the signing of the ceasefire agreement.

This is not to condone those incidents apparently provoked by military personnel which led to unfortunate circumstances. Nor the initial apparent restiveness of the Chief of Staff himself about what he perceived were challenges which were corrosive of military authority. But these situations have been rectified and show only that the antagonism between the military and the rebels which had been sustained and encouraged for 17 years could not easily be effaced. But so much for the bad blood between the two parties. What is commendable is the willingness of the military to abide by the universal concern for peace even in the face of those trials.

What needs immediate rectification, however, is the slowness with which the ministries of the Government are responding to the historic challenge posed by the outbreak of peace. General Ramos was correct in saying that the incidents in the days immediately following the signing of the agreement could have been avoided by a more expeditious formulation of guidelines of conduct

for both parties in the field--i.e., the members of the Armed Forces and the NPA. Until now, with the first round of talks scheduled to start, those necessary guidelines still have to be drawn.

Secondly, we express apprehension about the failure of the civilian Government to take the initiative in responding to the challenge of the ceasefire. True, preparations have been made for the implementation of the P1 billion rehabilitation program. But what are the other ministries doing to create the condition for negotiations at the regional, provincial and, more importantly, barangay levels?

The Aquino Government has repeatedly said that the insurgency problem cannot be settled by a military solution. Now that the military itself seems to have willingly accepted this principle, the civilian arm of the Government appears to have left the military itself to confront the condition in the countryside which has issued from the cessation of hostilities. It is the military that welcomes returning rebels, the military that attends to the initial talks at the provincial and barangay levels, and it is the military that is left to resolve problematic and grey areas.

This is irresponsibility on the part of the civilian arm of the Government, if not of the Government itself. Unless the Government is deliberately waiting for the time when those problematic aspects in the relationship between returning rebel and Armed Forces personnel erupt into violence and compel a military solution to those ambiguous questions. Either way, the Government cannot evade responsibility.

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CSO: 4200/269

OVERSEAS WORKERS REMIT \$519 MILLION JAN-SEP 86

HK300111 Quezon City BUSINESS DAY in English 29 Dec 86 p 6

[Text] Filipino overseas contract workers generated some \$519 million in foreign exchange for the country from January to September this year.

According to the latest data from the Labor Ministry, the overseas workers' remittances went down by 2.8 percent from the \$534-million remittances during the same period last year. The 1986 ministry data, however, is only preliminary so the total foreign exchange earnings for the year may still match 1985's total remittances of \$665 million.

Of the total remittances for the year, some \$434 million came from land-based workers, who are mostly seamen, remitted a total of \$84.5 million.

Source of the Labor Ministry report is the raw data on foreign exchange from the Central Bank.

The apparent decrease in foreign exchange earnings is due to the decline in demand of Filipino workers abroad. With the shrinking of the Middle East labor market, labor policy-makers were forced to shift to neighboring countries in Asia for possible employment of skilled and semi-skilled Filipinos.

The Philippine Overseas Employment Administration (POEA) said in its latest report that it deployed 377,439 overseas contract workers from January to November this year. Compared to the data for the same period in 1985, POEA said the placements for the first 11 months of the year increased by 5.74 percent.

Of the total deployed workers for this year, 324,978 were land-based and 52,461 were sea-based.

In 1985, a total of 389,200 workers were hired through POEA for work overseas. The highest on record of total placements for a year was in 1983 when 434,207 workers were sent overseas and in 1984 when 425,081 workers were deployed.

For the past 10 years, a total of 2,423,428 Filipino workers have worked or are still working abroad. Dominating the labor scene are land-based workers, who accounted for 79.2 percent of total deployed workers.

Dollar remittances of these overseas workers for the past eight years (1978 to 1985) have been placed at \$4.7 billion.

By country of destination, the Middle East countries remained the principal market for Filipino manpower, absorbing a total of 1,570,914 workers over the past decade.

Asian countries followed with 245,155 Filipino workers; 41,625, North and South America; 24,204, Europe; 16,104, the Trust Territories; 14,171, Africa; and 6,230, Oceania.

The three leading countries in the Middle East where Filipino workers were concentrated for the past 10 years are Saudi Arabia, Iraq and Kuwait. In Asia, Japan and Hong Kong were the major Philippine labor markets as they absorbed 104,112 and 75,354 workers, respectively.

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CSO: 4200/269

NPA 'PROGRESSIVE TAXATION ACTIVITIES' REPORTED

HK291445 Manila PHILIPPINE DAILY INQUIRER in English 26 Dec 86 pp 1, 6

[Article by Bing Formento]

[Text] Communist rebels are now "Christmas caroling" in Metro Manila to raise funds for the underground, military authorities in Camp Crame said yesterday.

A PC [Philippine Constabulary] official, who refused to be identified, said members of the New People's Army were spotted in Malanday, Marikina going on a house-to-house drive as part of their intensified progressive taxation activities.

In Negros Occidental, a rebel band held up a delivery truck and fled with P100,000 in cash and checks, reports reaching Camp Aguinaldo yesterday said.

Military authorities also said the rebels have targetted Chinese-Filipino businessmen in their taxation scheme. A local Chinese-language newspaper reportedly received a letter from the NPA asking for P50,000 "contribution" with the warning "Makisama upang magtagal ang buhay (Cooperate to prolong your life)."

In Makati, similar threatening letters were reportedly sent to business executives last week, the military said.

Many of the businessmen reportedly opted to "donate" although there was no way of checking whether the extortion letters really came from the rebels or just plain racketeers.

A report from the Negros PC command said that last Dec. 18, a delivery truck owned by Fortune Tobacco Corp. was held up by NPA rebels at Barangay Talakdan, Cauayan, Negros Occidental. The group reportedly divested the Fortune salesman of his collections worth P100,000 in cash and checks.

The report also said that one of the armed men allegedly told a Fortune employee that they were ordered by their commander to raise funds for medicine needed by their comrades wounded in an encounter with troops of the 7th Infantry Battalion.

LIBERATION CITED ON NPA'S 'REVOLUTIONARY TAXES'

HK291531 Manila THE MANILA CHRONICLE in English 29 Dec 86 p 4

["Focus: Towards a Philippine Political Economy" series: "A Look at the Left's 'Revolutionary Taxes'"--first paragraph is THE MANILA CHRONICLE introduction]

[Text] Among all news reports on the left-wing National Democratic Front [NDF], there is one that has sent jitters to the business sector: the so-called "revolutionary tax", plain extortion as the Defense Ministry claims. The implications of such a report for the business sector, are far-reaching.

As the following article from the NDF's publication (Dec. 15 issue), LIBERATION, stresses, the NDF's "taxation" implies the power of government. The NPA's capability to effect such a "revolutionary tax" confirms reports on their uncontested control of substantial areas in the rural areas.

We are reprinting the text of the NDF publication's article on "revolutionary taxation" for two purposes. First, with this detailed description of the NDF's "revolutionary tax," at least the business sector could be forewarned if ever criminal elements would attempt to extort them under the disguise of being NDF tax collectors.

Secondly, we are reprinting the article as part of our "Focus: Towards a Philippine Political Economy" occasional series since the article, beyond all the accounts of the NDF and the political-military aspects of the insurgency, provides an insight into the type of economy and social organization the NDF is espousing. It would help us understand why the Left has struck deep into the roots of the Philippine countryside. And why the insurgency problem obviously can not be licked simply through a military solution.
[signed]

Bonnie, one of a handful of cadres who started organizing in Davao del Norte in the late '70s, recalls how revolutionary taxation began in a remote barangay of Monkayo. A landlord--a judge who had acquired lands through bribery--must have gotten tired of militant peasants who were agitating for a reduction of land rent. As Bonnie tells it, he suddenly abandoned his

property—all 60 to 80 hectares of irrigated lands—in 1978, whereupon Bonnie and his comrades distributed the land to the peasants.

The gesture must have touched the peasants who volunteered to give 10 per cent of their produce per harvest to the New People's Army. Today, the contribution has become a tradition. But instead of going to the NPA, the funds have been channelled back to the Barrio Revolutionary Committees (BRCs), which are the people's revolutionary governments in the barrios.

Revolutionary taxation must have begun differently in other NPA areas. But Bonnie suggests that, everywhere, it could have started as voluntary contributions to what was once a fledgling revolutionary movement. By the time the revolutionary movement had spread out to 60 provinces and won the support of millions, Bonnie adds that it had become necessary to collect taxes, if only to enable the National Democratic Front (NDF) to continue its work—that of advancing the democratic and nationalist interests of the people.

Bonnie himself could not recall when the revolutionary leadership had started to regularize taxation. But as many cadres remember it, the first guidelines came out in the late '70s, in a document called the "Revolutionary Guide for Land Reform." The document laid out the rules by which revolutionary activists could collect taxes fairly and justly. But because of different conditions prevailing in various areas of NDF and NPA organizing work, the taxation guidelines had to be adjusted. According to Morris, chairman of the NDF provisional council in Northeast Mindanao, a person or an establishment in an NDF territory is taxed depending on economic capacity, importance and contributions to the community, attitude towards the revolution and the people, the overall prevailing economic situation, the demands of the people, the business' effects on the ecology and many more.

In practice, taxation varies even more—from person to person, from one company to another, from the barrio to another, and from one region or province to another. "Our primary concern is to be fair and just as possible, to be as flexible and considerate as possible," says Morris. "Perhaps, this is one reason why revolutionary taxation has never become uniform."

Generally, however, the broad guidelines set by the Revolutionary Guide for Land Reform (RGLR) continue to hold. One example is the ironrule that revolutionary taxes must never be obtained with the use of force.

Broadly, there are two kinds of revolutionary tax: agricultural tax and the "tax on class enemies." The first is levied on peasants who have benefited from the NDF's programs on land reform. Thus, they are derived from the income obtained by the peasants as a result of concealment of part of the landlord's exorbitant share in the harvest, reduction or the total elimination of land rent, or the free distribution of land. Agricultural tax also covers the increase in income obtained by farmworkers from wage increases and net income earned by the people's cooperatives. The amount of tax is based on income earnings, so that poor peasants give less than the rich peasants.

The current agricultural tax policy set by the RGLR is as follows:

--When part of the harvest is concealed, the land rent which used to go to the landlord is divided into three. One part goes to the peasants, another to the NDF and NPA, and the remaining one-third is kept by the BRC or the local chapter of the Pambansang Kilusan ng Magbubukid (PKM) [National Farmers Movement], the peasant association;

--Poor peasants who benefit from reduction or non-payment of land rent give 2 percent of the net harvest while peasants of higher status give 5 percent of their net income;

--Farm workers who benefit from increases in wages give 5 percent to 10 percent of their wage increases;

--A 2 percent tax is levied on net income derived from profits that come from various forms of cooperatives.

On paper, revolutionary tax from the peasantry should become the principal source of financing for the revolution. This is not only because the peasantry comprise the main force of the people's national democratic revolution, but also because the implementation of revolutionary land reform liberates the productive forces of the peasantry. Once the land becomes his own, or once land rent and usury are eliminated or once the costs of farm inputs become affordable and the necessary infrastructure and credit support system have been set up for the peasant, his production is expected to rise sharply. In practice, however, agricultural tax has become the secondary source of financing in many regions, and most of it is channeled back to the BRC or PKM.

In Northeast Mindanao, and in many barrios of Western Mindanao where the people are extremely poor, Morris says the NDF collects "absolutely no agricultural tax." "They (the basic masses of workers and peasants) give voluntary contributions. Sometimes, we ask for it, pero okay lang kung wala [but it is okay if there is none]."

In a barrio in Davao del Norte, 100 families who were given one hectare, each of abandoned land in 1983 reserve 10 percent of their net income for the revolutionary movement. Other families without fixed incomes who gained from concealment of part of the harvest, reduction of land rent, or higher prices for their produce are taxed 2 percent to 3 percent. An official of the BRC in the area emphasized that taxes from this category are voluntary. Those with regular incomes are taxed 5 percent per cropping. Half of all the total collections support the NPA and the full-time revolutionary cadres, while the other half goes to the BRC.

In another neighboring barrio, taxes are levied on livestock. One peso is levied on a peasant everytime he brings in fish to sell in the barrio. A 50-kg pig sold in the community merits a P3 tax, while income from selling a board weighing less than 50 kg is taxed P2.50. Each head of cattle sold means a tax of P20.

Banial, a former barangay captain who is now a member of the barangay council, and an officer of the BRC in the barrio, says it was the people themselves who made such taxation policies and rates in a mass meeting. The barrio's objective, he says, is to boost the funds of the local cooperative, and to construct a marketplace and a barrio hall in the future out of the livestock taxes.

"People here have refused to pay taxes to the government. Wala naman silang magawa (referring to government officials) dahil sobrang dami namin [there is nothing they can do because there are so many of us]. The only tax we pay to the government is the residence tax," says Banial. He himself admits that he would rather pay tax to the NDF. "If you pay taxes to the government, you wouldn't see it come back to you. If you pay to the BRC, you'll know at least where it goes. Kami mismo ang naghahawak ng pera at nagnapasya kung saan ito dapat mapunta [we are the ones who handle the money and decide where it goes].

Unlike the agricultural tax which is implemented and administered by the local PRCs, the tax on class enemies is collected by the NPA and the local organs of the Communist Party where a regional or provincial unit of the NDF does not yet exist.

The revolutionary tax on class enemies is exacted by the revolutionary movement when it allows big landlords, big businessmen and foreign investors or capitalists to temporarily maintain their economic interests in the NDF territories and their environs. Most of these businesses are billion-peso worth logging companies, mines, ranches, plantation and factories. Taxation on these enterprises is part of the long process of weakening their economic power. They are allowed to operate while the revolutionary movement is still unable to hold and administer their operations.

These businesses, after all, sap the cheap labor power and raw materials produced by Filipino workers and peasants while superprofits (in millions of dollars every year) are repatriated to their foreign, usually American, owners. Big landlords, on the other hand, connive with these foreign businesses to further oppress the people through excessive land rent, high costs of farm inputs or usury.

According to the RGLR, the operations of a business enterprise can be allowed to continue not only when it decides to pay tax to the NDF. More importantly, the corporation must satisfy certain conditions: It should not cause immediate and excessive harm to the interests of the masses; it should provide jobs to the people; the workers themselves should attest that they are not extremely oppressed; the owners and managers should not actively oppose or hinder the revolutionary mass movement; and the enterprise should not cause immediate and excessive damage to the ecology of the area, and should not bring harm to the livelihood of the people.

"In no way do we compromise the people's interests," says Morris. A logging company in Agusan del Sur owned by Eduardo Cojuangco Jr had tried to negotiate with the NPA. "Guston makipag-ayos. Magbibigay daw sila ng malaking tax. Pero grave ang landgrabbing at terroismo ng mga security guards at militar sa masa [They wanted to strike a deal. They would pay a hefty tax. However, they were involved in serious landgrabbing and their security guards and military committed terrorism against the masses]. Therefore, he says, the NPA burned down the logging company's equipment, chain saws and vehicles.

In the Cagayan Valley, the NPA destroyed some P200 million worth of property of a score of big logging companies after Isneg minorities complained about damage to the environment. The same was done to the NDC-Guthrie Plantation, Inc (NGPI) in Surigao del Sur. The NPA raided the camp in 1984, destroyed equipment and confiscated the arms of security guards. The people did their share by destroying NGPI's palm oil crops. Morris notes that the people and the revolutionary movement were angered when NGPI grabbed wide tracts of land of the peasantry using the notorious Lost Command, a fanatical group armed by the AFP [Armed Forces of the Philippines]. As a result, nine leaders of the workers' union at NGPI and countless other people were killed or harassed by the paramilitary group.

Eventually, the NPA agreed to let the company stay--not only because it was willing to give in to the NDF's taxation. "Nakipagusap sa amin ang may-ari pagkatapos ng raid [The owners talked to us after the raid]. We agreed to let them operate as long as they do not expand anymore. Besides, destroying the whole enterprise would have destabilized the economy. It was too big," Morris says.

For the NGPI and other businesses allowed to continue operations, a 10 percent to 15 percent tax is imposed on the net income of the enterprise. Therefore, taxes are higher for enterprises which earn more. If data on net income is not available, the tax is based on total sales, scale of production, number of head of cattle (in the case of ranches), number and unit price of the equipment being used, size of the payroll, size of the plantation and others.

Landlords, on the other hand, are taxed based on the amount of land rent they receive from the peasants. But taxation does not prevent the revolutionary movement from mobilizing the peasants to demand lower land rent, better prices for their produce and an end to usury.

As for the national bourgeoisie or small and medium-scale businessmen, the RGLR stipulates their exemption from taxation, although they are encouraged to make contributions based on their solidarity with the people's anti-imperialist struggle. Says Morris: "Generally, we are considerate with small companies. But those owned by compradors are taxed; more strictly." "Class enemies" who are willing to help the revolution, he adds, are also accorded lenient treatment. "There are no hard and fast rules. Taxation depends on a number of things," Morris told LIB.

How the NDF Implement "Taxation"

Banial, as head of the BRC's Finance Committee in his barrio, collects the agricultural taxes. But this particular job, he says, is a piece of cake. "Hindi na kailangan ang puwersahan dito. E, 'pag nagpatawag nga ng miting ang barangay council, kalahati lang ang pumupunta. Pero 'pag NDF (o BRC) ang nagpatawag, lahat pumupunta. Mas madali ang pangungulekta. Naiintindihan naman ng masa ito at nakikita nila kung para saan ang pera". [There is no need for force here. When the barangay council calls a meeting, only half of the barrio attends. But it is the NDF or BRC which convenes it, everyone attends. It is easier to collect money. The people understand and could see where the money goes.]

Contrary to popular belief, collection of "tax on class enemies" is not also hard, says Morris, who had served in the NPA and the Executive Committee of the CPP [Communist Party of the Philippines] in the region before he became regional NDF chairman. "For example, when we opened up the guerrilla front around the Nasipit Lumber Company (in Butuan, Agusan del Norte) in 1979, we wrote the middle-level manager to demand P50,000 in taxes. We explained why, and told them: 'If you're concerned with your operations, talk to us [word indistinct] are reasonable.' We wrote them three times before they finally answered. The managers consulted their superiors in Manila, and came back with the agreement."

Up to now, he says, the lumber company has never failed to pay its dues. Usually, it is collected in lump sum only once a year. Some companies, however, are allowed two installments, he says.

Morris points out that the irony with the Aquino Government is that it refuses to recognize that the NDF fully controls certain territories, and yet it concedes that it is able to collect taxes. "Even (former Defense Minister Juan Ponce) Enrile's companies pay taxes to us. If he had wanted to show his military was in control let them secure those companies," he says.

In the NDF barrios in the countryside, the question of where the collected taxes go is superfluous. Nevertheless, an NDF finance committee in Western Mindanao has published a 22-page pamphlet explaining taxation, and giving a detailed accounting of its expenses. The bulk of the expenses go to the military expenditures of the NPA such as purchase of arms and medical costs; production of mass newspapers and books; and food for the army and the cadres who work full-time for the revolution. Allowances for NPA guerrillas and full-time cadres come at the bottom of the list because each Red fighter or cadre is given only a P10 to P20 allowance per month.

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U.S. SUGAR IMPORTS CURB WILL CAUSE BIG LOSS

HK171441 Quezon City ANG PAHAYAGANG MALAYA in English 17 Dec 86 pp 1, 6

[Text] The Reagan administration announced the other day it will reduce sugar imports by 41 percent next year, a move that will cost the Philippines an estimated \$50 million (P1 billion) in sales to the lucrative American market.

U.S. Agriculture Secretary Richard Lying said imports will be slashed from 1.7 million to slightly more than 1 million because of higher sweetener production in the U.S.

The import curb will wipe out the gains from an increase in the Philippine quota from 13.5 to 17 percent of total U.S. imports that was negotiated this year at the highest level between the two governments.

At an import level of 1.8 million tons, the 17 percent share of the Philippines is equivalent to 306,000 tons worth \$110 million at current prices of 18 cents a pound.

At the newly set level of 1 million tons, the Philippine share is equivalent to 170,000 tons worth around P60 million, or a difference of \$49 million.

The 1987 projected Philippine quota is even lower than this year's 230,000-ton exports to the U.S.

The request to increase the Philippine quota was presented to U.S. officials during the September visit of President Aquino to the U.S. It was successfully followed up by Vice President Laurel when he went to Washington early October.

The U.S. market, which pays three times more for Philippine sugar than the world market, is the single biggest factor that keeps the ailing sugar industry alive.

Philippine production this year is estimated at 1.3 million tons, compared with the historical output of 2.5 million tons. Half of the output is earmarked for the domestic market; the rest is exported.

The world market price, however, is at a low 6 cents a pound, or half of the estimated 11 to 12 cents production cost of sugar.

In the announcement in Washington, Lyng added that in two or three years the U.S. will be sufficient in sweeteners.

By that time the U.S. will probably do away with the quota system, endangering the sugar industry not only of the Philippines but of other major Latin American and African sugar producer.

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CSO: 4200/269

ECONOMY POSTS MARGINAL GROWTH

HK270719 Manila THE MANILA CHRONICLE in English 26 Dec 86 pp 1, 4

[Article by staff member Raul Marcelo]

[Text] The Philippine economy has stemmed two years of continuous decline by posting a growth for 1986, although at a marginal rate of 0.13 percent, according to advanced estimates as of mid-December of the National Economic and Development Authority (NEDA).

Such growth brought the gross national product (GNP)--or the value of the goods and services produced by the economy--to P88.52 billion in real terms (or at 1972 prices) this year from the 1985 level of P88.407 billion.

The increase in economic activity, according to NEDA, was brought about by the 1.7 percent expansion of GNP during the third quarter of 1986 and the stronger two percent growth in the fourth quarter.

The expansion in economic activity was largely due to the 3.33 percent growth of the agricultural, fishery, and forestry sector.

This sector, which accounts for one-third of GNP, was estimated to have produced P27.1 billion this year compared to P26.225 billion in 1985.

The industry sector, however, continued to reel from the difficult business conditions and contracted by 3.69 percent during the year to P27.74 billion from P28.8 billion in 1985.

Within the industry sector, construction suffered the biggest decline of 28.27 percent from P4.25 billion in 1985 to P3.05 billion this year. Mining and quarrying was also off by 3.69 percent from P1.77 billion in 1985 to P1.6 billion this year.

The bright note, on the other hand, was the 1.23 percent expansion in manufacturing activities from P21.54 billion to P21.805 billion. This growth was attributed to the 21.66 percent expansion in textile manufacturing, 10.8 percent rise in footwear and wearing apparel; 18.56 percent in electrical machinery; and 10.13 percent in paper and paper products manufacturing.

While the GNP growth of 0.13 percent for the whole of 1986 was off the government target of 0.5 percent, its significance was that it marked the arrest of the continued economic decline since 1985.

Economic activity as measured by GNP fell by 5.7 percent in 1984 and by another 3.84 percent in 1985.

Gross National Product,
National Income and
Gross Domestic Product
By Industrial Origin
1984 to 1986

Growth Rates (Percent)

Industry	At Current Prices		At Constant Prices	
	84-85	85-86	84-85	85-86
1. Agric, Fishery, Forestry	16.94	0.57	3.21	3.33
a. Agricultural crops	18.38	-3.84	5.42	4.00
b. Livestock & Poultry	19.04	3.96	-1.28	2.99
c. Fishery	21.06	16.87	2.15	2.92
d. Forestry	-9.78	-9.11	-7.71	-7.37
2. Industry Sector	6.59	-0.06	-10.46	-3.69
a. Mining & Quarrying	18.68	8.47	0.74	-9.56
b. Manufacturing	9.67	2.26	-7.62	1.23
c. Construction	-14.48	-23.64	-27.58	-28.27
d. Elect, Gas & Water	23.16	20.82	1.56	3.55
3. Service Sector	16.26	3.76	-3.34	0.99
a. Transportation	13.14	1.64	-1.57	1.88
b. Trade	18.71	1.85	-0.05	1.13
c. Finance, Housing	7.06	1.09	-12.41	-1.15
d. Private Services	16.83	7.59	-4.96	-1.17
e. Government Services	22.36	14.02	-2.36	4.00
Gross Domestic Product	13.00	1.67	-4.00	0.18
Gross National Products	12.97	1.62	-3.84	0.13

Source: NEDA (December estimates)

**Gross National Product and Gross Domestic Product
By Expenditure Share
1984 to 1986 (In Million Pesos)**

Type of Expenditure	At Current Prices			At Constant Prices		
	1984	1985	1986	1984	1985	1986
1. Personal Consumption Expenditure	404699	485929	490701	66033	66162	66678
2. Government Consumption	35567	42469	46150	8255	8205	8380
a. Compensation	21125	25882	29423	5235	5305	5546
b. Other Expenditures	14442	16587	16727	3020	2900	2834
3. Capital Formation	100820	96679	84591	15851	12565	10686
A. Fixed Capital	105590	98029	86211	16541	12714	10699
1. Construction	63907	56228	42624	9446	4908	4983
a. Government	20107	18696	19646	2985	2324	2344
b. Private	43800	37532	22987	6461	4566	2639
2. Durable Equipment	41683	41792	43587	7095	5806	5716
B. Increase in Stocks	-4770	-1341	-1620	-690	-149	-13
4. Exports	117701	126571	155300	20846	19351	23603
5. Less: Imports	118382	108506	114246	18175	13995	16479
6. Statistical Discrepancy	-996	-33622	-42800	-1406	-1844	-2263
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Gross Domestic Products	539409	609520	619696	94216	90444	90605
Net Factor Income From Abroad	-13111	-14941	-154499	-2283	-2037	-2080
Gross National Product	526298	594579	604197	91933	88407	88525

Source: NEDA (December estimates)

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BUSINESS DAY FINDS 1986 ECONOMIC TURNAROUND

HK270522 Quezon City BUSINESS DAY in English 26 Dec 86 [no page given]

["Economic Indicator" column: "Turnaround Achieved in 1986; GNP Rises 0.13 Percent"]

[Text] The economy this year has finally turned around from the tailspin that started in the second half of 1983, according to advance yearend data released by the National Economic and Development Authority.

The gross national product (GNP), the sum output of goods and services, this year has risen a marginal 0.13 percent at constant prices to P88,525 million from P88,407 million last year.

The turnaround started in the third quarter when the revised GNP rose 1.7 percent. It was followed by a nearly 2 percent growth during the current quarter, reversing a 1.62 percent decline in the first semester.

The marginal growth at the end of this year failed to pull the economy beyond the GNP achieved in 1979 but it broke the negative trend for the first time in three years.

Per capita GNP continued to fall, by 2.26 percent this year to P1,581 compared to P1,617 in 1985, with a population growth rate of 2.44 percent. The rate of decline, however, was an improvement from 6 percent in 1985.

Most of the improvement in the economy this year is accounted for by expenditures of the national government, which led to an increase in personal consumption expenditure, and also by an expansion in the country's overall foreign trade.

During the second semester, the new government launched a pump-priming program known as the Community Employment and Development Program with a budgetary outlay of P3.9 billion.

As a result, government consumption expenditure increase 2.13 percent to P46,150 million from P42,469 million this year.

Increased government spending helped increase by 0.87 percent household expenditure although real personal consumption expenditure per capita decreased 1.66 percent from P1,210 in 1985 to P1,191.

Both exports and imports increased during the year.

Exports rose 22 percent to P23,603 million from P19,351 million last year while imports went up 17.76 percent to P16,479 million from P13,995 million.

The government's pump-priming program had no impact on real investment particularly in the private sector.

Investments in general further declined by 15 percent; only government construction which posted growth, by 0.1 percent. The other components of investments all declined, with private construction activity dropping by more than 42 percent compared to a 29 percent decline in 1985.

Overall inflation as measured by the GNP deflator stood at 1.5 percent as against 17.5 percent in 1985.

Agriculture and services led in the economic recovery for the year. The combined output of agriculture, fishery and forestry grew 3.33 percent to P27,098 million from P26,225 million last year.

Gross National Produce
National Income and Gross Domestic Product
by Industrial Origin
1984 to 1986
(in million pesos)

Industry	at constant prices			(% increase/decrease)	
	1984	1985	1986	1984-85	1985-86
1. agri, fishery					
forestry	25,409	26,225	27,098	3.21	3.33
a. Agricultural crops	15,564	16,407	17,063	5.42	4.00
b. Livestock & poultry	4,751	4,690	4,830	(1.28)	2.99
c. Fishery	4,329	4,422	4,557	2.15	2.92
d. Forestry	765	706	654	(7.71)	(7.37)
2. Industry sector	32,161	28,797	27,735	(10.46)	(3.69)
a. Mining & quarrying	1,755	1,768	1,599	0.74	(9.56)
b. Manufacturing	23,319	21,541	21,805	(7.62)	1.23
c. Construction	5,866	4,248	3,047	(27.58)	(28.27)
d. Electricity, gas and water	1,221	1,240	1,284	1.56	3.55

Industry	at constant prices			(Z increase/decrease)	
	1984	1985	1986	1984-85	1985-86
3. Service sector	36,646	35,422	35,772	(3.34)	0.99
a. Transportation	5,032	4,953	5,046	(1.57)	1.88
b. Trade	14,073	14,066	14,223	(0.05)	1.13
c. Finance & Housing	5,544	4,854	4,800	(12.41)	(1.15)
d. Private services	6,412	6,094	6,023	(4.96)	(1.17)
e. Government services	5,585	5,453	5,678	(2.36)	4.13
Gross Domestic Product	94,216	90,444	90,605	(4.00)	0.18
Net factor income from abroad	-2,283	-2,037	-2,080		
Gross National Product	91,933	88,407	88,525	(3.84)	0.13

Source: National Economic and Development Authority

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PHILIPPINES

SURVEY SHOWS HIGH HOPES FOR 1987

HK300133 Manila THE MANILA CHRONICLE in English 29 Dec 86 pp 1, 6

[Text] For the first time in four years, Filipinos are looking forward to the year to come with optimism, according to a year-end survey made by Asia Research Organization.

The survey, which polled 2,000 Filipinos 18 years old and older in November, also found that 40 percent of them believe unemployment will increase in 1987.

Asia Research is a member of Gallup International which conducts a poll at the end of every year. Here is this year's survey results:

Yearly Predictions: 1977 to 1986

For the first time in four years, the Filipinos are more optimistic in their outlook for the year to come. Although current expectations are relative to one's assessment of the year just past, two out of five Filipinos (41 percent) predict that 1987 will be a better year than 1986. Less than one fifth (18 percent) believe 1987 to be worse than 1986, while slightly more than a third (35 percent) think there will be no change.

Filipinos today are more hopeful about the coming year than they have been since 1978. In 1977, expectation for a better 1978 ran as high as 46 percent. It started declining until it reached its most pessimistic point in 1983 with only 14 percent perceiving 1984 to be a better year, while 58 percent expected a worse year ahead of them. The height of pessimism may be attributed to the Aquino assassination which sent the economy plummeting and prices soaring.

The end of 1984 saw a better outlook for 1985, but the pessimists still outnumbered the optimists almost two to one (better--26 percent vs. worse--46 percent). There was a slight decrease among the optimists (26 percent to 24 percent) and a big decrease among the pessimists (46 percent to 33 percent) at the end of 1985, while those who saw no change in the coming year 1986, increased substantially from 25 percent to 42 percent.

At the time the 1985 survey was conducted, the Filipino people was just faced with the possibility of a snap election, with Cory Aquino still being

prevailed upon to run against Marcos if the snap election were to push through. Hence the lackluster expectations for 1986.

The end of 1986 sees a surge of optimism under the new democratic Aquino Government, the worsening insurgency problem notwithstanding. The pessimists are down to 18 percent, the same level that it was at the end of 1977.

No Change in Industrial Strife Forecast

The plurality of Filipinos (38 percent) see no change in strikes and industrial disputes in the country for 1987. There are more optimists than pessimists however, insofar as industrial accord is concerned. Close to one-third (31 percent) believe that strikes and industrial disputes will decrease as against around one-fourth (26 percent) who believe it will increase.

Compared with previous years, 1986 registered the highest percentage of pessimists since 1980. Optimism significantly increased by 13 percentage points (from 18 percent to 31 percent) while pessimism dramatically dropped by 18 percentage points (from 44 percent to 26 percent), in spite of the proliferation of strikes during the past ten months of the Aquino Administration. The improvement in the Filipino's positive outlook on industrial accord may be an indication of their trust and confidence in the Aquino government's ability to settle differences between labor and management.

International Peace Prediction

Close to half (45 percent) of the Filipinos do not expect changes in international peace conditions for 1987. Among those who expect changes however, the optimists outnumber the pessimists. One in three (33 percent) Filipinos predict 1987 to be a "peaceful year, more or less free of international disputes," while less than one in five (18 percent) expect 1987 to be a "troubled year with much international discord."

It is interesting to note about the same time last year, the reverse was true. Around one-third (30 percent) thought 1986 to be a "troubled year full of international discord", while only 24 percent perceived it to be a "peaceful year, free of international dispute". Those who thought 1986 remain the same as 1985 made up 44 percent of total respondents. This pessimistic outlook of the international scene followed the same trend since 1980.

Employment Situation Expected To Worsen

The weight of public opinion on the job situation for 1987 is that unemployment will increase (40 percent). Around one-fourth (26 percent) believe it will decrease while approximately one-third (31 percent) think it will remain the same as in 1986.

Although the prospect remains negative, it has improved significantly from the outlook of the same period of 1985. The pessimists then, consisted of

only 14 percent [word indistinct] the trend of pessimism on the employment outlook for the past four years has been declining. The optimists' trend on the other hand has been erratic for the same time period, to say the least.

Economic Prosperity Envisioned for 1987

The Filipinos extend their optimistic outlook to the country's economy. Although the plurality (43 percent) believes the economy will be about the same in 1987 as it is today, there are now more optimists than pessimists with 33 percent perceiving 1987 to be a year of economic prosperity against only 21 percent perceiving it to be a year of economic difficulty.

At about the same time last year, the pessimists outnumbered the optimists in the ratio of two to one. In 1984, the ratio of pessimists to optimists was four to one and the year before that, it was around fifteen to one.

To sum up, there has been a dramatic reversal in the outlook of the Filipinos from pessimism to optimism. What factors brought about this change? Inasmuch as the single most important change that took place was the change of leadership in government, we can therefore assume that the new government has given the Filipinos a new perspective in life.

Technical Notes

The year-end poll for 1986 was conducted nationwide, among a cross-section of adults, 18 years of age and over. Approximately 63 percent of the interviews were done in rural areas and 37 percent in urban areas.

The study used a stratified multi-stage probability sampling design with a total sample size of 2000 adults. The fieldwork was conducted in November 1986.

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CSO: 4200/269

GOVERNMENT EXPECTS PRIVATE SECTOR MOMENTUM IN 1988

HK161549 Quezon City BUSINESS DAY in English 16 Dec 86 p 2

[Article by reporter Daniel C. Yu]

[Text] The government does not expect the private sector to respond to fiscal stimulus until 1988 when net investment inflow is projected to start accelerating, according to a Philippine economic memorandum covering the 18-month foreign credit program.

The memorandum, submitted recently to the New York-based advisory committee on the country's foreign bank creditors, says the government intends to pursue fiscal stimuli, which have started during the second semester, through 1987.

It adds the government expects that only in 1989 will the private sector do more in maintaining the investment momentum.

The memorandum also says that revitalization of the industrial sector may only take place after the private sector begins taking the initiative in economic recovery efforts.

"In general, and because of the real declines in output between 1983 and 1985, the absolute real values for most macroeconomic aggregates by industrial origin will only be recovering their previous peak levels," the memorandum says.

It cites, for instance, that the real gross national product level of 1983 will be reached only by 1988 and that industrial real gross value-added will recover its 1983 level by 1989.

Only agriculture, which has not experienced a decline in real gross value-added, will grow, by an average of 5 percent, the memorandum says.

It notes that, because of the substantial decline in industrial activity during the past two years, capacity constraints to the attainment of growth targets for 1987 and 1988 will be unlikely.

By then, the government said, an increase in investment will become very important. It added that the investments that will be put on stream by 1987 are expected to be operational in 1988 or 1989.

The government has identified corn, cassava and peanuts as among the food crops that are expected to pick up. Also expected to show positive results beginning next year are cacao, coffee, rubber, tobacco and mango production, and commercial fishing and aquaculture.

A number of traditional agricultural export crops, including coconut products, pineapples and bananas, are projected to register less increases in production.

The memorandum classifies the industrial sector into the import-substituting industries, which it said will have to rely on greater efficiency and "perhaps a breakout into exports," and the industries that have remained stable despite the crisis the past years.

Among the import-substituting sectors identified are textile manufacturing (1985 gross value-added at 1972 levels), paper and paper production (1973), machinery (1971), furniture and fixtures making (1976), metal production (1971), wood and cork production (1976), leather and leather production (1980), food manufacturing (1981), rubber production (1978), and chemical production (1978).

The industries identified as having kept "above the pace of industrial deterioration" during the crisis years and as expected to improve their export contributions are makers of footwear, wearing apparel, the publishing and printing sector, beverage industries, basic metal industries and makers of miscellaneous manufactures (toys, travel goods, handicraft, etc.).

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CSO: 4200/269

EDITORIAL ON GOVERNMENT INTENTIONS FOR 1987

HK291537 Manila THE MANILA CHRONICLE in English 29 Dec 86 p 9

[Editorial: "No Radical Deviation for 1987"]

[Text] If the national budget were to be a gauge of Government plans, it would appear that the Government may be desirous of having a miracle but that it is not intent on working towards any. Rather, it prefers to repeat the routine of the Marcos program; the only significant different, observers say, is that the leakages may be less. With the dictator, about 40 percent of Government appropriations would go to corruption. In spite of the warnings of Jaime Cardinal Sin and the perception of a skeptical nation, observers are sure that the Cory Government may take less from the public appropriations.

In any case, the Cory Government is in a bind: It is tied to the program conceived for its predecessor by the International Monetary Fund and the World Bank. The debt payment takes 27 per cent of the entire budget; the military, through a deceptive gimmick, is made to appear getting less than it used to, but the PC [Philippine Constabulary] and INP [Integrated National Policy] appropriations are tucked in under social services. If there is any truth the Cory Government could crow about, it is the seeming disappearance of appropriation for intelligence in virtually all ministries, which was the hallmark of the Marcos spending program. But this again may be counterbalanced by the fact that certain portions of the budget of the ministries are considered reserved, in the sense that only the President could authorize their disposal.

For the next year, therefore, the Government would hardly have anything to distinguish it from the Marcos priorities, except the significant fact of establishing civil liberties, i.e., allowing expression the widest latitude, as well as the right of peaceful assembly. As for those aspects of civil rights appropriate to labor, the Government has encouraged unionism and theoretically sanctioned the right of strike. But in the latter case, it abridged it through persuasion, by asking workers and unions to consider the urgency of stability and economic recovery side by side with their right of strike.

The Government has claimed the restoration of democratic rights and political freedoms as its highest achievement, so far. To a large extent, this is a valid claim. But against this truth must also be considered its weakness in safe-guarding the threats to the exercise of those rights and the slowness of the judicial agencies and presidential commissions--such as the Commission on Human Rights--in prosecuting cases of human and civil rights brought to their attention. Concern with political rights should not end with a declaration that these are allowable; there is a need to see to it that their exercise is not deterred by existing forces in society. In this the Government is remiss. Even as it consolidated its control of the military, the administration still appears helpless in prosecuting notorious criminals within the armed forces.

The Government appears to be pinning its hopes on the ratification of the Charter from which is expected to follow the establishment of the legislative body and firm up other structures that could strengthen a democratic dispensation. This is not likely to take place within 1987, although the elections of local and national officials are scheduled next year. The fact is that those institutional structures will take some time to set up and actually have an impact on society and the body politic.

It does appear, from all indications, that the Government is content to remain an interim one. Its articulation suggests that it is not so much interested in holding power as in setting the condition for political normalcy. If this reading is correct, then after its term, the nation may have to be delivered back to the wolves and hyenas of power politics.

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CSO: 4200/269

EDITORIAL SAYS '87 BUDGET SHOWS MARCOS LEGACY

HK171546 Manila THE MANILA CHRONICLE in English 17 Dec 86 p 9

["Editorial" column: "A Budget for Debts and Military"]

[Text] President Corazon C. Aquino calls the 1987 budget, the first budget for a year of the coalition government, "A Budget for National Reconstruction and Reconciliation." Yet, sheer arithmetic would show that it is rather a "Budget for Debts and the Military". Or perhaps, to be fair to the Aquino Government, "A Budget Still Weighed Down by the Marcos Legacy."

In terms of its sectoral distribution--based on the Budget Ministry's definitions of the sectors (which however is open to some question)--the Government will have to spend P35.3 billion to pay the interest and amortization of the Government's debts.

That's more than one-fourth, 27.4 per cent to be precise, of the entire P128.8 billion expenditures program under the Aquino budget.

The debt-service is a staggering figure: It means that the 55 million Filipinos in effect would be paying next year P6.5 million each to service the debts of such government firms as the Philippine National Bank, the Development Bank of the Philippines, the Bataan Nuclear Power Plant, and the former Construction and Development Corp. of the Philippines, which account for the bulk of the Government's foreign debts.

The debt-service includes the Government's local borrowings: the P35.3 billion figure would include the taxpayers' burden for the windfall profits big business and investors got from the high yields the Central Bank and the National Treasury gave on its Jobo and T-bills in the past two years (which will mature in 1987).

It is perhaps only in a reading of the 1987 budget that the full impact of the build-up of debts during the Marcos years, and the reasonableness of such proposals as the debt-repudiation proposal.

If through such "radical" policy government could only reduce by half its P35.3 billion debt payments this year, that would mean a huge P17.7 billion

Government can use just to pump-prime the economy, but practically to force the country's economic engines to move at full speed.

And as the debt burden is a legacy of martial law, so is the military burden on taxpayers. The budget papers actually have one significant feature. In terms of the budget ministry's sectoral allocation, the defense expenditures amount to P8.5 billion. However, in terms of the budget of ministries, the Ministry of National Defense is actually allocated P3.4 billion more, or P11.9 billion. The budget papers (see CHRONICLE Dec. 15) available do not explain the difference, whether it is due to the fact that servicing of its debts are excluded in the expenditures classified as defense or whether some of the Defense Ministry's programs, perhaps its information campaigns, are included as "economic" expenditures.

At any rate, the P11.94 billion Defense Ministry budget would indicate that the Aquino Government is unable to reverse at this point the militarization undertaken by Marcos starting 1972. The Defense Ministry budget represents 1.7 percent of the expected P699 billion gross national product next year. This approximates the 1.655 percent proportion of the 1986 military budget to the NGP this year. Yet it is bigger than the 1985 proportion, when the defense budget was only 1.3 percent of the GNP then (it may be pointed out that the share of the military budget for 1987 would be way below its peak in 1976, when it was at 5.2 percent of the GNP.)

The Aquino Government's big headache however is the fact that from a level of 62,715 in 1972, the military's manpower level had grown under the years of martial law to 159,466. While this is due to the dictator's need to strengthen his military base, it was actually its way of consolidating at the nationwide level his dictatorship, since the employment generated through the AFP at least got him the patronage network a dictator needs.

The Aquino Government, as reflected in its first real budget, clearly is at this point powerless to reverse the militarization the Marcos dictatorship has spawned.

The Government's expenditures for debt-service and the military accounts for one-third (36.6 percent) of the entire budget. The taxpayers' burden under the 1987 budget will be debts and soldiers. It is therefore hardly a budget for reconstruction and reconciliation.

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CSO: 4200/269

PHILIPPINES

JAPAN GIVES PROJECT GRANTS OF 822 MILLION PESOS

HK301523 Quezon City BUSINESS DAY in English 30 Dec 86 p 3

[Text] Japan yesterday formalized grants to the Philippines worth P822 million for five projects.

Under an exchange of notes signed by Deputy Foreign Minister Jose D. Ingles and Ambassador Kiyoshi Sumiya, the Japanese Government has given grants for the following projects:

--Increased food production assistance (2,900 million yen, about P360 million);

--A trade training center (2,432 million yen, about P300 million);

--A motor vehicle inspection system (583 million yen, about P72 million);

--Vocational training for out-of-school youths and young adults (392 million yen, about P48 million); and

--Medical equipment for the Philippine Children's Hospital (343 million yen, about P42 million).

In the framework of the increased food production assistance, Japan has provided the Philippines with agricultural commodities such as fertilizers, pesticides and agricultural machinery since 1977. This program is designed to make these production inputs readily available to farmers.

The trade training center will be established to promote Philippine exports by improving the production structure and technical skills in this field. This project includes both technical and financial components. In the first stage, the Japanese Government will provide the center's building and related equipment, and later, Japanese experts will be dispatched to operationalize the center in cooperation with Philippine counterparts.

The third project is designed to supply equipment for motor vehicle inspection centers which will be set up in Metro Manila, Cebu, Davao and two other regions. The aim is to improve conditions of motor vehicles to reduce traffic accidents and reduce air pollution caused by exhaust gas.

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CSD: 4200/269

NET OIL IMPORT BILL DOWN 48 PERCENT IN 1986

HK301529 Manila MANILA BULLETIN in English 30 Dec 86 p 15

[Article by Ellen P. Samaniego]

[Text] The country's net oil import bill this year dropped by 48 percent from \$1.4 billion last year to \$726.9 million because of the substantial reduction in prices of crude oil abroad.

Deputy executive secretary for energy Vicente T. Paterno said the lower crude oil prices translates into a \$700 million foreign exchange savings during the year even as total import volume slightly rose by three percent.

During the period, the country imported a total of 56.6 million barrels of oil at an average price of \$14 per barrel against the previous year's 53.15 million barrels at \$26 per barrel.

Crude oil importation last year accounted for 50.26 million barrels or \$691 million; crude oil products, 6.27 million barrels of \$86 million; and additives, 70 million barrels or \$14.6 million. The country, however, was able to sell to the bases 613,000 barrels of oil equivalent and exported 2.89 million barrels, which brought net imports to 53.1 million barrels.

Paterno noted that there was a shift during the year to the Middle East market, which supplied 33.6 million barrels or 62.9 percent out of the total imports of the Asian region, which accounted for 31.18 percent or 16.65 million barrels.

Of the three oil companies, which constituted the major oil importers, Philippine National Oil Co. (PNOC) brought in 18.1 million barrels or 30 percent of total oil imports in 1986; Caltex, 20.29 million barrels, or 34 percent; and Pilipinas Shell, 16.68 million barrels, or 28 percent.

Local oil production, on the other hand, slightly improved from 2.67 million barrels in 1985 to 3.16 million barrels this year, roughly six percent of the oil supply during the year.

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CSO: 4200/269

LAND REFORM TO SOLVE NDF, OTHER PROBLEMS

HK270621 Manila THE MANILA JOURNAL in English 26 Dec 86 p 4

["It Seems to Me" column by Gregorio Romulo: "Enemies Within More Dangerous"]

[Text] Christmas has come and gone but, hopefully, some of that goodwill lingers on. This, together with a liberal dose of good sense, will fortify us for whatever the new year may bring. The "thinner" peso made for a less "fat" Christmas but, as President Aquino said, Christmas was celebrated "with greater pride than we have known" in 14 years! The "noche buena" may have been leaner in goodies but groaning with pride.

Hindsight will tell us that the insurgency problem has been with us for a long, long time and it has always been integrally involved with land ownership. Good sense will tell us that since 2/3 of the labor force is involved, directly or indirectly, with agriculture, the unemployment problem must be proportionately bad in this sector. Our national problem has always been connected to agricultural land ownership; therefore, we must look to land reform, for many of the answers to many problems.

Is this perception something new? No, but utilizing hindsight and being able to zero in on what was done before, without success, it will be possible to evolve a new approach, by incorporating what did work before with new approaches now that may work. Having recognized the problem, we can work at the solutions.

Since we are locked in a negotiation with the NDF for a more premanent peace and, the NDF has its own agrarian reform program, care must be exercised that moves by the government in the direction of land reform, should not be perceived as due to the pressure of the NDF. We, however, should not allow this possibility to deter us from attempting a solution to this most vital national problem.

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CSO: 4200/269

BRIEFS

RAMOS REJECTS COMMANDER'S TRANSFER--Cebu City--Gen. Fidel Ramos, AFP [Armed Forces of the Philippines] chief, has rejected demands for the transfer of Brig. Gen. Edgardo Abenina, chief Central Visayas PC-INP [Philippine Constabulary--Integrated National Police] commander. "There will be no revamp of the military command in Central Visayas, both in the Recom [Regional Command] 7 and the Regional Unified Command [RUC], Ramos said in a press conference Monday after a closed-door meeting with regional military leaders at RUC 7 headquarter here. Cause-oriented groups as well as Cebu government leaders have asked for the transfer of Abenina, citing his alleged inability to discipline his men involved in the alleged torture and murder of a student. They also accused the regional commander of "witchhunting" following the filing of murder charges against two municipal OICs [officers-in-charge]. According to Ramos, personal differences should give way to greater interest which is the preservation of freedom and democracy. He stressed the need for unity and cooperation between the civilian government and the military in order to maintain peace and order. [Text] [Manila THE NEW PHILIPPINES DAILY EXPRESS in English 18 Dec 86 p 3 HK] /6662

NEW DEPUTY MINISTER OF FINANCE--President Aquino yesterday promoted assistant minister Ramon K. Katigbak to deputy minister of finance, the Ministry of Finance announced. Katigbak will head the ministry's Policy Development and Management Services Group which is being set up in line with a recommendation of the Presidential Commission on Government Reorganization, the ministry said. It said the main function of this group will be to coordinate the formulation of the ministry's national resource mobilization plans and relate these to the national development plan and to national monetary and fiscal policies. It added that the group will also supervise the ministry's administrative, financial, planning and management information services, coordinate regional operations, and operate the public information and assistance office. Katigbak first joined the government in 1962 with the Program Implementation Agency, one of the predecessors of the National Economic and Development Authority. [Text] [Quezon City BUSINESS DAY in English 18 Dec 86 p 3 HK] /6662

COUP PLOTTERS PROMOTIONS DETAINED--Malacanang plans to detain the promotion of military officials involved in the foiled coup d'etat last 22 November in the next 6 years. The names of these officials were mentioned in a report announced by some advisers of the president. Most of them are member of the

Reformed AFP [Armed Forces of the Philippines] Movement [RAM]. The advisers plan to detain the promotion of any official included in the list. It was mentioned in previous reports that the RAM leader who planned the thwarted coup was Colonel Gregorio Gringo Honasan, former chief security officer of former Defense Minister Juan Ponce Enrile. [Text] [Quezon City Radyo ng Bayan in Tagalog 0400 GMT 26 Dec 86 HK] /6662

OPPOSITION PARTIES FORM COALITION--Various political opposition parties and personalities will launch at 2 p.m. on Saturday a new coalition group called "Nagkakaisang Oposisyon" (NO) in a bid to campaign for the rejection of the proposed new Constitution in the Feb. 2 plebiscite. Former Defense Minister Juan Ponce Enrile will be one of the main speakers in the launching ceremony to be held at the Asia Food Center on Quezon Avenue, Quezon City. Former Quezon City Fiscal Sergio Apostol, the coalition's secretary-general, warned of the "dire consequences of cheating in the coming plebiscite sponsored by the officers-in-charge (OICS)." In a press statement, the new opposition umbrella group urged the people to vote "No" to "stop corruption and communism under the Aquino government." Other speakers in the launching rites are Rene Espina, former Sen. Eva Estrada Kalaw, former MP Homobono Adaza, former MP Renato Cayetano, former Speaker Nicanor Yniguez, and former Rizal Gov. Isidro Rodriguez. The mayors and vice mayors of Metro Manila, led by former QC Mayor Adelina Rodriguez, chairman of the Nagkakaisang Oposisyon, will also attend. Speaking through Dr. Antonio Talusan of the TV show "Kapwa Ko, Mahal Ko," the new opposition umbrella group urged the people to vote "No" in the plebiscite to stop corruption and communism. Talusan and Apostol predicted that a "No" vote will prevail "unless the OICS resort to massive cheating in their localities." [Text] [Manila THE MANILA EVENING POST in English 24 Dec 86 pp 1, 9 HK] /6662

CSO: 4200/269

PREM ON GOVERNMENT RURAL DEVELOPMENT PROGRAMS

BK300259 Bangkok THE NATION in English 30 Dec 86 p 2

[Text] The government will launch a project to build barns for all farming families throughout the country as part and parcel of an ambitious multi-million-baht scheme to stem the influx of labour forces from the rural areas into the cities.

The plan was unveiled during a year-end press conference chaired by Prime Minister Prem Tinsulanon, who said that a total of 83,000 million baht would be earmarked for a variety of coordinated rural development programmes under the Sixth 5-Year National Economic and Social Development Plan (1986-1990).

Other participants in the news conference, entitled "The Rural Development," included PM's [Prime Minister's] Office Minister Michai Ruchuphan, who is in charge of the rural job creation scheme, National Economic and Social Development Board (NESDB) Secretary General Sano Unakun, Dr Anat Aphaphirom, the president of Thailand Development and Research Institute, and Permanent Secretary Phisan Munlasatsathon of the Interior Ministry.

General Prem said out of the 83,000-million-baht fund, about 70,000 million baht will be channelled through the so-called National Rural Development Committee (NRDC), while the remaining 13,000 million baht will be earmarked for the rural job creation programme.

The NRDC, he said, places a top priority on development schemes in the least developed and poverty-stricken villages throughout the country. The committee will try to solve problems on poverty, shortage of water resources and illiteracy among others, he said.

The NRDC is under the direct supervision of the NESDB and is working closely with the major economic and public service ministries, namely agriculture, education, public health and interior.

The premier described as "successful" the rural job creation programme, which was first introduced 7 years ago.

He cited surveys of various universities as indicating that the programme has improved the livelihood of rural people to a certain extent, raised their annual income and discouraged them from migrating to Bangkok to look for jobs.

Since its inception 7 years ago, the programme involved about 190,000 projects ranging from the construction of reservoirs, rice barns to repairing roads and bridges.

Owing to the programme, Phisan asserted that the percapita income of people in the north increased from 4,282 baht to 4,780 baht, while that of the northeasterners from 2,741 baht to 3,119 baht, and the southerners from 4,316 baht to 4,666 baht.

Premier Prem, reciting the slogan of making this century "The Century for Rural Development," voiced confidence of the government ability to put a halt to the influx of rural people into Bangkok and other cities.

"The government would try to make the rural area a 'charming place' to live in as well as to persuade the rural people to love their homelands," he said.

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CSO: 4200/266

ARMY CHIEF ON MODERNIZATION OF CAVALRY FORCES

BK300249 Bangkok THE NATION in English 30 Dec 86 p 2

[Text] Saraburi--The Royal Thai Army (RTA) places top priority on the modernization of the cavalry forces in its overall development programme, RTA Commander-in-Chief General Chawalit Yongchaiyut said yesterday.

Addressing army officers during his inspection trip to the cavalry centre and the artillery centre here, the army chief said that the combat capability of the cavalry force will be enhanced to a "perfect level" within the next 2 years.

He said that a large portion of the RTA's budget had been earmarked for the programmes to modernize the cavalry force.

The army, he said, is now in the initial process of restoring its combat readiness at the earliest possible moment to meet the defence requirement of the country. The modernization drive has been mapped out in a 10-year development blueprint, according to the army commander-in-chief.

"What we are now concerned about is an outbreak of an unexpected event and so, I want all of you to watch for any indications to such an emergency and report them to the superiors so the army can be prepared for any event," he said.

Gen Chawalit also raised concerns that the superpower rivalry in Asia and Pacific could intensify as a result of a superpower's efforts to increase its influence in the region.

Without naming names, the army commander-in-chief said that the superpower's extension of influence would affect the national security of Thailand while the internal security situation would remain basically unchanged.

But he warned that the Communist Party of Thailand (CPT) cannot be underestimated and called for follow-up efforts to repress the outlawed movement. If and when CPT managed to reverse the situation, then its threat would be much greater than that in the past, he added.

Gen Chawalit said that the U.S. decision to increase the military grant under the Military Assistance Programme (MAP) for Thailand from U.S.\$5 million last year to U.S.\$50 million this fiscal year reflected the ally's recognition of the strategic importance of this country. The United States, however, has eliminated the Foreign Ministry Sale (FMS) credit for Thailand. Gen Chawalit did not mention the point during his inspection trip.

BRIEFS

JANUARY-NOVEMBER RICE EXPORT--Thailand's income from rice export during the first 11 months of this year dropped by 3,154.5 million baht, or about 14.9 percent, over the same period last year due to the declining prices of the cereal. Board of Trade Rice Committee Chairman Sman Ophatwong recently reported to BOT that the country's income from rice export during the January-November period this year was only 18,021.4 million baht, as against 21,175.9 million baht earned in the same period last year. However, Thailand exported more rice in the period under review with a total of 4,058,660.31 [metric] tons exported this year, as against 3,806,074.41 tons exported in the previous year--an increase of 252,575.90 tons, or about 6.63 percent. [Excerpt] [Bangkok BANGKOK POST in English 17 Dec 86 p 15 BK] /12232

ENVOY DIES--Thai Ambassador to Saudi Arabia Wiphak Phinyoying died of heart failure 16 December. [Summary] [Bangkok BANGKOK POST in English 18 Dec 86 p 3 BK] /12232

JAPANESE TELEVISION STATION ASSISTANCE--The Japanese Government will provide assistance for the establishment of a public relations department television station channel 11. The Japanese ambassador to Thailand recently informed the public relations department of his government's decision, made on 23 December, to provide financial support for the station which will mainly broadcast government news and educational programs. The assistance, worth 100 million baht, will cover construction cost, transmission facilities, master control, production, news and dubbing studio, and a mobile broadcasting unit. Construction of the station is scheduled to begin in April next year and will take 12 months to complete. [Text] [Bangkok Voice of Free Asia in English 1500 GMT 29 Dec 86 BK] /12232

BURMESE LEADERS GREETED--Prime Minister Prem Tinsulanonda and Foreign Minister Sitthi Sawetsila have sent messages to Burmese Prime Minister U Maung Maung Kha and Foreign Minister U Ye Gaung to mark Burma's Independence Day today. Gen Prem said in his message, "It is my honour and pleasure to extend to your Excellency and the people of Burma, on behalf of the Royal Thai Government and the people of Thailand, our congratulations and best wishes for the increasing well-being of the Socialist Republic of the Union of Burma and her people." ACM [Air Chief Marshal] Sitthi, in his message to his Burmese counterpart, said, "It is my sincere hope that the good and close neighbourly relations which Thailand and Burma have enjoyed during the years past will be further

enhanced in 1987 and in the years ahead for the benefit of our two nations and peoples. [Text] [Bangkok BANGKOK POST in English 4 Jan 87 p 3 BK] /12232

1986 RICE EXPORTS--Last year's total rice exports of 4,322,866.18 tons were the second highest recorded in Thailand's nearly century-old rice trade history, 4.9 percent lower than the record of 4,545,141.97 tons set in 1984. The 1986 figure was also 322,866.18 tons above the target set for last year and 7.9 percent higher than the 4,005,068 tons exported in 1985. Of the total rice exports last year, 3,713,780.98 tons or 85.9 percent was shipped out by private exporters and the balance by the government. The earnings from rice exports in 1986 are expected to remain at the top of the list of the country's foreign exchange generators although the total income figure for the whole year is not yet available. But the total income is expected to be about 19,200 million baht, down from 22,264 million baht earned from total exports of 4,005,068 tons in 1985, due to lower prices this year. According to the latest figures available, income from rice exports of 4,058,650.31 tons in the first 11 months of last year totalled 18,021.41 million baht. [Excerpt] [Bangkok BANGKOK POST in English 6 Jan 87 pp 13, 28 BK] /12232

1986 MAIZE EXPORTS--Thailand's maize exports last year broke all previous records with a significant increase of about 22 percent in volume over 1985. A total of 3,771,434 tons of the grain were exported in 1986. The previous highest totally [as published] was recorded in 1985 when a total of 3,089,774 tons were shipped out, earning about 9,880 million baht. The value of the product last year is not, however, available as yet. Last year's exports saw a sharp increase of 681,660 tons or 22 percent over 1985. [Excerpt] [Bangkok BANGKOK POST in English 6 Jan 86 p 13 BK] /12232

TROOP CLASH WITH 'INTRUDERS'--Aranyaprathet--Thai troops clashed briefly yesterday with some 30 Vietnamese intruders at Ban Sanlo Cha-ngan north of this border district of Prachin Buri. Both sides traded mortar fire for about 30 minutes before the Vietnamese troops fled back into Kampuchea. No casualties were reported. [Text] [Bangkok BANGKOK POST in English 8 Jan 87 p 1 BK] /12232

CSO: 4200/266

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

REFUGEES VOICE FEAR; DISTINTEREST IN HELPING CGDK

BK310948 Hong Kong AFP in English 0919 GMT 31 Dec 86

[By Michael Adler]

[Text] Khao I-dang, on the Thai-Cambodian border, 31 December (AFP)--For the 24,000 Cambodians in Khao I-dang, many who have waited here up to 7 years to reach a Western country, the closing on Thursday of Thailand's last camp for resettling Cambodians is a setback of possibly cataclysmic proportions.

"Yes, I am afraid of being killed," said Sek Yen, 41, a former official of the Hanoi-backed Heng Samrin regime in Cambodia, of the planned move to camps holding populations aligned with resistance forces fighting the Vietnamese occupation of that country.

Thailand is closing Khao I-dang since resettlement to the West has slowed and to frustrate the flow of refugees from war-torn Cambodia. The refugees are to be moved to camps from which the only way out is a return to Cambodia, currently occupied by Vietnamese troops.

Mr Sek Yen, like most other refugees, risked his life and paid a small fortune to various guides to flee Cambodia and reach Khao I-dang. His present fear was lessened but not stilled, he said, by Thai announcements that the evacuation of the dusty camp of bamboo huts could take place up to years after the 1 January closing date.

For if he and the 200 other former Heng Samrin officials at Khao I-dang were to find themselves removed from UN protection to settle in the border camps, reprisals would be inevitable, he said.

Such anxiety haunts almost all the Cambodians of Khao I-dang--due east from Bangkok and 10 kilometres (6 miles) from the Thai-Cambodian border--whether from leftist, centrist or rightist former Cambodian regimes, refugees told this AGENCE FRANCE-PRESSE correspondent on a recent visit.

"The people in site 2 (a camp for Cambodian resistance nationalists only 1 km from the border) don't like the people in Khao I-dang," said Koy Mintha, who snuck in here in 1984 from another camp and has since become a legal resident.

"To the resistance, the people in Khao I-dang are traitors since they seek to leave the border to rejoin their colleagues in third countries," said the former provincial official in the past Cambodian governments of Prince Norodom Sihanouk and the U.S.-backed President Lon Nol.

Ream Phoet, 33, identified himself as a farmer from the northwestern Cambodian province of Battambang. He has been at Khao I-dang since it opened on November 1979 to handle the refugee flow following the December 1978 invasion of Cambodia by Vietnam.

Mr Ream, like many others among the 16,000 eligible for resettlement from Khao I-dang, was rejected by the United States due to alleged Khmer Rouge affiliations.

He said that if he went back to the border camps, which are run by Cambodian administrations under Thai authority: I may be in danger of persecution.

Another refugee, Mong Sothea, 26 said while holding her baby, "if I go back to the border, I feel hopeless."

Soeu Leng, a 27-year-old farmer from the region of Phnom Penh, has also been waiting since 1979 in Khao I-dang to be resettled and swears he would rather go to prison than go to the border camps.

"I don't like to see fighting between the Cambodian resistance and the Vietnamese Army and don't want to have anything to do with either of them," he said, flanked by his wife and two young sons.

Khao I-dang is the last of what were five centers for Cambodian resettlement supervised by the UN High Commissioner for Refugees (UNHCR).

Its closing is "the end of a principle of considering people refugees," said a high-ranking Western official who asked not to be identified.

"To change the status of someone because he does not have the chance to leave for a third country is to deny his right to be a refugee," he added.

The camp holds 16,737 Cambodians eligible for resettlement, some 7,000 in the camp legally but not classified as "refugees" and about 500 there illegally.

Thai authorities have not given a timetable for the evacuation of the camp, a move one Western official said was an apparent concession to Western demands that the refugee status of the people in the camp be maintained.

Prasong Sunsiri, secretary to Prime Minister Prem Tinsulanon, said on Monday that the refugees would when moved "be under the responsibility of an international organization considered appropriate by the secretary general of the United Nations."

In the Thai-run centers along the border 267,453 Cambodians are classified as "displaced persons," whose only way out from the sprawling, dusty settlements of bamboo huts is to return to their homeland, currently occupied by Vietnamese troops.

The UNHCR is not present. The local administration is Cambodian and food, water and services such as education are supplied or funded by the UN Border Relief Operation (UNBRO).

But "UNBRO doesn't look for a solution to the refugee problem whiel UNHCR does. I think you can see the difference," one Western official said.

Bangkok is seeking to end resettlement in an effort to stop a refugee flow which has brought almost a million Indochinese to Thailand since the communist take-overs in Vietnam, Cambodia and Loas in 1975.

Mr Prasong said that third countries were not interested in accepting for resettlement the refugees remaining in Khao I-dang.

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CSO: 4200/266

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

AFP REPORTS INTERVIEW WITH CGDK'S RANNARIT

BK311210 Hong Kong AFP in English 1058 GMT 31 Dec 86

[By Jacques Michel Tondre]

[Text] Bangkok, 31 December (AFP)--The Sihanoukist Cambodian resistance group has established two footholds in provinces of Cambodia bordering Vietnam, according to its commander-in-chief, Prince Norodom Rannarat.

In an interview with AGENCE FRANCE-PRESSE the 43-year-old prince, son of resistance leader Prince Norodom Sihanouk, said that last week 700 Sihanoukist guerrillas had taken up positions near Kompong Cham and Kratie, up and 160 kilometers (40 and 100 miles northeast of Phnom Penh.

Prince Rannarit said this was the first time his resistance group had penetrated so deeply into territory controlled by the Khmer Rouge, the main group within the tripartite Cambodian resistance coalition.

The prince said this showed the success of a new-found rapport between the two groups, who have been rivals despite both being members of the coalition.

There are 13,000 Sihanoukist guerrillas, of whom between 7,000 and 8,000 permanently operate in Cambodia, he said.

Previously, "all was not well between us and the Khmer Rouge," he said.

"Some of our men were killed, but since August there have been no more problems. Not only do they let us pass, but they seem happy to have Prince Sihanouk's troops with them."

Prince Rannarit said that in recent months the Sihanoukists had established a "real political and administrative structure, either official or secret, inside Cambodia itself."

He said that 3 months ago a 20-strong committee had been set up to establish an administrative and political organization in villages occupied by the Sihanoukists.

"Now we have thousands of people taking charge of districts and villages inside Cambodia and it is going very well," he said. "Our aim is to mobilize all the Cambodian people to fight against the Vietnamese."

He continued: "I would wish for our people to guide us, give us intelligence and provisions and take part in the fighting.

"During the day they would be farmers and at night they would go and shoot at Vietnamese positions. For where 200 Sihanoukist soldiers would be unable to go, one along, with Cambodian people, could go to organize a real resistance."

The prince said this strategy had already borne fruit.

"Not only are the troops of (Vietnamese-installed Cambodian leader) Heng Samrin collaborating with us more and more, we have also seen for the first time people coming to the border from the interior of the country to help our soldiers carry supplies, munitions and medicines."

He said the Sihanoukists' main strength was the "personality, charisma and popularity" of his father.

A sign of this, Prince Rannarit argued, was the fact that "the Chinese Government has had printed hundreds of thousands of portraits of Prince Sihanouk to be distributed inside Cambodia by the Khmer Rouge."

However, Prince Rannarit said he suspected China, which supports the resistance, and the Soviet Union, which backs the Vietnamese presence in Cambodia, wished to reach a settlement "that would allow the communist powers to keep Cambodia on their side."

He chided the United States for giving insufficient support to the Sihanoukists to counter this threat.

A settlement is possible only if two conditions are met, he said. "The Soviet Union must be sure of being able to stay in Vietnam, and must be convinced that the Vietnamese cannot win this war."

"We are engaged in giving the Vietnamese enough trouble to prevent them from winning this war. But the Americans ought not imagine they will be invited to the banquet when the Soviets and Chinese set about chewing over Cambodia."

The prince added: "We need medicines, a very powerful radio, teachers, doctors and clothing. If the Americans gave us more aid and showed more confidence in my father, it would not be possible to keep us out of any compromise."

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CSO: 4200/266

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

BRIEFS

KPNLF LEADER IN HOSPITAL--An attempt to solve a leadership conflict in the Khmer People's National Liberation Front (KPNLF) was stalled last week due to health problems facing General Sak Sutsakhan, chief of the front's army, an informed source said yesterday. The source told THE NATION that Gen Sak had "some problems with his back" and was admitted to a hospital after three rounds of meeting had been held between him and Son Sann, the KPNLF president as part of the attempt to solve the Kampuchean resistance group's internal conflict. The source close to Son Sann said that so far no exact date for another round of meeting between the two anti-Vietnam guerrillas' leaders has been fixed. Another source said Gen Sak last week "caught cold" while staying on the Kampuchean border with Thailand. However, he could not confirm whether the guerrillas' chief was hospitalized. Gen Sak reportedly has been suffering from ailment in his back for a long time and he had earlier sought medical treatment in France. The KPNLF has been plagued by its leadership struggle since December 1985 when a dissident group led by Gen Sak, established a salvation committee to challenge the pro-Son Sann Executive Committee's power. [Text] [Bangkok THE NATION in English 5 Jan 86 p 2 BK] /12232

CSO: 4200/266

PEOPLE'S REPUBLIC OF KAMPUCHEA

STATISTICS RELEASED ON POL POT GENOCIDE

OWO71842 Hanoi VNA in English 1455 GMT 7 Jan 87

[Text] Hanoi VNA 7 January--The People's Republic of Kampuchea has made public the following latest facts and figures about the bloody crimes against the Kampuchean people committed by the Pol Pot clique during their nearly 4 years rule:

--3,314,718 people were killed

--141,848 people were maimed for life

--more than 200,000 children were orphaned

--5,857 schools, 796 hospitals, clinics and laboratories, 1,968 pagodas, 108 temples and nearly all cinema houses were destroyed.

All cultural and educational activities, trading, and use of currency were banned; the country's social structure and the material and technical basis of its economy demolished; and conscience, human feelings and social relations such as those between husband and wife, mother and child, were trampled upon.

Among the victims of mass killings were 594 doctors and pharmacists, 18,675 school and college teachers, 105,500 students, 1,120 cultural workers, and 25,168 buddhist monks and other intellectuals. Only 85 of the 1,000 intellectuals who had returned from abroad to join in "national reconstruction" survived the genocide. At the Tuol Sleng Prison in Phnom Penh alone, the Pol-potist butchers had tortured to death 206 college lecturers, 113 teachers of general education, 56 doctors and pharmacists, and 61 engineers.

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SPK SCORES THAI DECISION TO CLOSE KHAO I-DANG CAMP

BK021345 Phnom Penh SPK in English 1120 GMT 2 Jan 87

["An Inhuman Act Toward Kampuchean Refugees"--SPK heading]

[Text] Phnom Penh SPK 2 January--Thailand's decision to shut down the Khao I-Dang refugee camp is an inhuman act strongly condemned by people of conscience throughout the world.

Now that some 26,000 Kampuchean refugees living in this UN holding centre would be sent to the various Thai-Kampuchea border encampments where the Thai Government classified Kampucheans as "illegal immigrants," making them ineligible for UN protection or resettlement abroad as refugees, and where robberies, beatings, and rape occur frequently.

This act has roused indignation among world public opinion. Gerlad Walzer, UNHCR chief representative in Thailand, was quoted by BANGKOK POST on 2 December 1986, as saying "we would like to remain responsible for these people, for their protection and not see their status changed...."

Mark Gorman, chairman of the 41 refugee agencies in Thailand, also quoted by BANGKOK POST, said: "There is an international obligation to resettle these people and to Thailand to take them off their hands."

The closing down of Khao I-Dang camp constitutes a gross violation of international laws regarding refugee status.

It is also part of Thailand's hostile policy toward Kampuchea. It is known that the Thai authorities themselves have time and again made a huge cry about the "refugee problem" in order to extract more money from various international relief organizations on the one hand, to tar and feather Kampuchea while increasing support for the Polpotists and other Khmer reactionaries on the other hand. It is Thailand that has given sanctuaries to the Khmer traitors in their opposition to Kampuchea's sovereignty and territorial integrity. It quickly (becomes) easy to understand why the Thai authorities always want to fish in troubled waters making ballyoo about the "Kampuchea refugee problem" to serve their own interests and to maintain tension along the Kampuchean-Thai border.

They have more than once rejected all the proposals made by the People's Republic of Kampuchea, including that concerning the "refugee problem." The

Kampuchean side has time and again proposed that the Kampuchea Red Cross and that of Thailand would study together or through an intermediary their respective proposals concerning the humanitarian aspect of the Kampuchean refugee issue on the basis of the respect for each others independence, sovereignty and security. But, so far, no positive response has come from the Thai side yet.

The problem can be solved quickly if Thailand really wishes to search for a lasting solution to the refugee problem so as to contribute to strengthening peace and security in Southeast Asia and to building the region into a zone of peace, friendship and cooperation.

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CSO: 4200/266

BULGARIA, INDIA, CSSR NATIONAL DAY GREETINGS

OWO81433 Phnom Penh SPK in English 1212 GMT 8 Jan 87

[Text] Phnom Penh SPK 8 January--Kampuchean leaders have received more messages of greetings from Bulgaria, India and Czechoslovakia on the occasion of the Eighth National Day of the People's Republic of Kampuchea (7 January).

A joint message from Todor Zhivkov, general secretary of the Central Committee of the Communist Party of Bulgaria and president of the State Council and Georgi Atanasov, chairman of the Council of Ministers of the People's Republic of Bulgaria, to Heng Samrin, general secretary of the People's Revolutionary Party of Kampuchea Central Committee and president of the State Council and Hun Sen, chairman of the Council of Ministers, said:

The courageous struggle waged by the Kampuchean people to build a new society in the face of hostile acts of the imperialists and other reactionary forces, wins profound respect from Bulgarian people and from the progressive and peace-loving movement over the world.

"We warmly hail and support the constructive foreign policy of the People's Republic of Kampuchea aimed at normalizing the situation in Southeast Asia and transforming the region into a zone of peace, stability and cooperation."

In their message, respectively to Heng Samrin and Hun Sen by Zail Singh, president of the Republic of India, and Rajiv Gandhi, prime minister, the Indian leaders extended their best wishes for the friendly Kampuchean people's happiness and social progress and prosperity, expressing their firm conviction that the existing ties of friendship and cooperation between the two peoples would be further developed and consolidated.

On the same occasion, N.D. Tiwari, Indian foreign minister, also extended his warmest greetings to his Kampuchean counterpart, Kong Korn.

For their parts, Gustav Husak, general secretary of the Communist Party of Czechoslovakia and president of the State Council, and Lubomir Strougal, chairman of the Council of Ministers of the Czechoslovak Socialist Republic, said in their message: "The working people of the Czechoslovak Socialist Republic highly acclaim the achievements made by the Kampuchean people under the leadership of the people's revolutionary party of Kampuchea in implementing

the resolutions of the PRPK's Fifth Congress. Thanks to the tireless efforts of the Kampuchean working people, great changes have been seen in their social life, the building of a new society has been stepped up and the immediate tasks of defending their country has been fulfilled.

Together with other socialist countries we fully support the Kampuchean people in their decisive struggle against the attempts of the enemies from within and without. We highly value the active contributions of the People's Republic of Kampuchea to the development of cooperation with the countries in the socialist community and its constant efforts aimed at transforming Southeast Asia into a zone of peace, stability and cooperation, and consolidation peace and security the world over.

The Czechoslovak people highly value the friendly relations and close cooperation between our two parties and states. We are firmly convinced that these relations based on the principles of Marxism-Leninism and socialist internationalism will further develop and strengthen in the interests of our two peoples and the unity and cohesion within the socialist community.

On the same occasion, Alois Indra, chairman of the Federal Assembly, and Bohuslav Chnoupek, minister for foreign affairs of the Czechoslovak Socialist Republic, have also extended their respective warmest greetings to Chea Sim, chairman of the National Assembly and Kong Korn, foreign minister of the PRK.

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BRIEFS

ADN GIFT TO SPK--Phnom Penh SPK 1 January--The ALLGEMEINER DEUTSCHER NACHRICHTENDIEST (ADN), news Agency of the German Democratic Republic [GDR] has presented a volume of photographic materials worth 10,000 marks to the KAMPUCHEAN NEWS AGENCY (SPK). The gift was handed over in Phnom Penh on Tuesday [30 December] by GDR Charge d'Affaires Matthias Trott to Sam Mean, SPK deputy general director. Matthias Trott, hailed the development of the Kampuchean revolution over the past 8 years, as well as the constant development of the relationship and fruitful cooperation between the GDR and Kampuchea. [sentence as received] For his part, Sam Mean profoundly thanked the government and people of the GDR for their support and assistance to the Kampuchean people and especially the ADN for the gift to SPK. He also wished M. Trott and other GDR diplomats in Kampuchea good health, happiness and new success on the occasion of the new year. [Text] [Phnom Penh SPK in English 1130 GMT 1 Jan 87 BK] /12232

VIETNAMESE DELEGATION ARRIVES--Phnom Penh SPK 2 January--A delegation of the Vietnam State Commission for Price led by Vice-Chairman Tran Xuan Gia, arrived in Phnom Penh Wednesday [31 December] for an official friendship visit to Kampuchea. As guests of the Ministry of Planning of the Peoples Republic of Kampuchea, the delegation was greeted on its arrival at Pochentong Airport by Keo Samut, vice minister of planning and other Kampuchean officials. Vietnamese Ambassador Ngo Dien was also present. [Text] [Phnom Penh SPK in English 1131 GMT 2 Jan 87 BK] /12232

AFGHAN PARTY GREETED--Phnom Penh SPK, 2 January--Heng Samrin, general secretary of the People's Revolutionary Party of Kampuchea Central Committee has extended warmest greetings to the Central Committee of People's Democratic Party of Afghanistan [PDPA] on the 22nd founding anniversary of the party. The Kampuchean leader praised the leadership of the PDPA, vanguard of the Afghan revolution, in the struggle against colonialism, neo-colonialism, thus liberating the nation from the yoke of the imperialists, feudalists and capitalists. He also said: In the fight of the April Revolution, the PDPA has carried on its struggles against [subversive] activities of reactionaries at home and abroad backed by imperialist forces with U.S. imperialists as chieftain. We are convinced that under the leadership of the PDPA, the Afghan people will obtain still greater successes in national construction and the defence of their gains. May the friendly relations between our parties and peoples further strengthen and develop. [Text] [Phnom Penh SPK in English 1128 GMT 2 Jan 87 BK] /12232

FOREIGN RELIEF AID--Phnom Penh SFK 4 January--The Kampuchean Red Cross recently distributed 3,456 tonnes of consumer goods, farm tools and other necessities donated by the World Food Program to the needy families in the districts of Prash Sdach, Me Sang and Ba Phnom in Prey Veng Province. Meanwhile, some 50 tonnes of rice donated by the UN High Commissioner for Refugees were also distributed to the needy families in the districts of Bo Seth, Kong Pisei and the provincial town of Kompond Speu. [Text] [Phnom Penh SPK in English 1113 GMT 6 Jan 86 BK] /12232

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FEB. 17, 1987

